

JUSHI HOLDINGS INC.

Jushi

FILING STATEMENT

IN CONNECTION WITH THE LISTING OF JUSHI HOLDINGS INC.,
THE ENTITY FORMED UPON THE REVERSE TAKEOVER OF
TANZANIA MINERALS CORP. BY JUSHI INC

May 31, 2019

Jushi Holdings Inc. (the “Resulting Issuer”) is an entity that will derive a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. The Resulting Issuer is indirectly through its subsidiaries involved in the cannabis industry in the U.S. where local state laws permit such activities. Currently, its subsidiaries are indirectly engaged in the manufacture, possession, use, sale or distribution of cannabis in the recreational and medicinal cannabis marketplace in the States of New York. Third party service providers could suspend or withdraw services as a result of the Resulting Issuer operating in an industry that is illegal under U.S. federal law.

The Resulting Issuer’s involvement in the U.S. cannabis market may subject the Resulting Issuer to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of significant risks associated with the business of the Resulting Issuer. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer’s ability to operate in the U.S. or any other jurisdiction. See “*Part V – Risk Factors*” of this Filing Statement for additional information on this risk.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities (“Staff Notice 51-352”), which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the U.S. as permitted within a particular State’s regulatory framework. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

Please see the table of concordance under “*Part II – Information Concerning Jushi – U.S. Regulatory Environment*” for further information on the material facts, risks, and uncertainties related to U.S. issuers with marijuana-related activities.

Neither Neo Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the reverse takeover described in this Filing Statement.

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GLOSSARY OF TERMS

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Filing Statement, including the Appendices hereto.

“**AAA**” means the American Arbitration Association.

“**Acquired Entity**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Options to Purchase Securities – Equity Incentive Plan – Substitute Awards*”.

“**Acquired Entity Awards**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Options to Purchase Securities – Equity Incentive Plan – Substitute Awards*”.

“**Agency Agreement**” means the agency agreement dated May 29, 2019, among Jushi Acquisition Corp., Jushi, Tanzania and the Agents in connection with the SR Offering.

“**Agents**” means Eight Capital Corp., as lead agent, and any other agents in connection with the SR Offering.

“**Amalco**” means the corporation resulting from the First Merger.

“**Amendment**” means the notice of articles of Tanzania to amend the rights and restrictions of the existing class of Tanzania Shares and re-designating such class as Subordinate Voting Shares, to delete the existing class of preferred shares and to create a new class of Multiple Voting Shares and a new class of Super Voting Shares, such that an unlimited number of each class of shares are authorized to be issued without par value.

“**AUMA**” means the Adult Use of Marijuana Act.

“**Awards**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Options to Purchase Securities – Equity Incentive Plan*”.

“**Bank Secrecy Act**” means the U.S. Currency and Foreign Business Combinations Reporting Act of 1970.

“**BCBCA**” means the British Columbia *Business Corporations Act*, as amended.

“**BCC**” means the Bureau of Cannabis Control.

“**Biomass**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Narrative Description of the Business – Products and Services*”.

“**Buffalo Hemp Facility**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Narrative Description of the Business – Products and Services – Operations*”.

“**Business Combination**” means the proposed business combination among Tanzania and Jushi pursuant to which Jushi will complete a reverse take-over of Tanzania.

“**CAGR**” means compound annual growth rate.

“**Cash Severance**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Proposed Executive Compensation – Termination or Change of Control Benefits*”.

“**CBD**” means cannabidiol.

“**CBP**” means the U.S. Customs and Border Protection.

“**CCA**” means the Compassionate Care Act.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CEO**” means Chief Executive Officer.

“**CFO**” means Chief Financial Officer.

“**Class A Shares**” means shares of Class A common stock of Jushi.

“**Class A Unit**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – General Development of the Business – History – Private Placement Financings*”.

“**Class A Warrants**” means warrants to purchase Class A Shares.

“**Class B Shares**” means shares of Class B common stock of Jushi.

“**Class B Unit**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – General Development of the Business – History – Private Placement Financings*”.

“**Class B Warrants**” means warrants to purchase Class B Shares.

“**Closing Date**” means date on which the Business Combination is completed.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Cole Memo**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Cannabis Industry Background and Trends – U.S. Regulatory Environment*”.

“**Compensation Committee**” means the compensation committee of the Resulting Issuer Board.

“**Consolidation**” means the consolidation of the Tanzania Shares on the basis of one consolidated Tanzania Share for 22.75711 existing Tanzania Shares.

“**Conversion Ratio**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Description of Securities – Super Voting Shares*”.

“**COO**” means Chief Operating Officer.

“**CRTA**” means Cannabis Regulation and Taxation Act.

“**CSA**” means Controlled Substances Act.

“**CUA**” means the Compassionate Use Act of 1996.

“**DA&M**” means the Department of Agriculture and Markets.

“**Davidson**” means Davidson & Company LLP.

“**Definitive Agreement**” means the agreement dated November 2, 2018, as may be amended, supplemented or superseded from time to time, between Tanzania and Jushi.

“**Department**” means the Commissioner of the Department of Agriculture and Markets.

“**DOJ**” means the U.S. Department of Justice.

“**DOH**” means the Department of Health.

“**DOT**” means the Department of Taxation.

“**Engagement Letter**” means the engagement letter dated March 20, 2019 between Jushi and Eight Capital in connection with the SR Offering.

“**Equity Incentive Plan**” means the equity incentive plan of the Resulting Issuer.

“**Escrow Agent**” means Odyssey Trust Company in its capacity as escrow agent in connection with the SR Offering.

“**Escrow Release Conditions**” means delivery of a notice from Jushi Acquisition Corp. to the Escrow Agent in accordance with the terms of the agreement governing the terms of the Subscription Receipts on or before the Escrow Release Deadline confirming, among other things:

- (a) the completion or satisfaction, as the case may be, of all conditions precedent to the Business Combination shall have occurred, been satisfied or been waived (with the consent of Eight Capital, acting reasonably), other than the filing of the applicable documentation as may be required under corporate law and release of the Escrowed Funds; and
- (b) the receipt of all required shareholder, third party (as applicable) and regulatory approvals in connection with the Business Combination, including the conditional approval for the listing of the Subordinate Voting Shares on the NEO Exchange.

“**Escrow Release Deadline**” means the date that is 90 days following the closing date of the SR Offering.

“**Escrowed Funds**” means the funds held in escrow by the Escrow Agent, together with all interest and other income earned thereon, in connection with the SR Offering.

“**Exchange**” means the exchange of Jushi Acquisition Shares for Subordinate Voting Shares in connection with the First Merger.

“**Exchange Approval**” means approval by the NEO Exchange for the listing of the Subordinate Voting Shares.

“**FDA**” means the U.S. Federal Drug Administration.

“**FDCA**” means the Federal Food, Drug and Cosmetic Act.

“**Filing Statement**” means this Filing Statement of the Resulting Issuer, including the Appendices attached hereto.

“**Filing Statement Date**” means the date of this Filing Statement, being May 31, 2019.

“**FinCEN**” means the Department of the Treasury Financial Crimes Enforcement Network.

“**FinCEN Guidance**” means the guidance released by FinCEN on February 14, 2014.

“**FinCEN Memo**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Cannabis Industry Background and Trends – U.S. Regulatory Environment*”.

“**First Merger**” has the meaning ascribed thereto under “*Part III – The Business Combination – Subscription Receipt Offering*”.

“**Founders**” means James Cacioppo, Erich Mauff and Louis J. Barack (Jon).

“**GMP**” means Good Manufacturing Practice.

“**Hemp Processor License**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Cannabis Industry Background and Trends – U.S. Regulatory Environment – New York*”.

“**Investment Company Act**” means the U.S. Investment Company Act of 1940, as amended.

“**IRS**” means U.S. Internal Revenue Service.

“**ISOs**” means incentive stock options.

“**IT**” means information technology.

“**Jushi**” means Jushi Inc, a corporation existing under the laws of the State of Delaware, and its subsidiaries.

“**Jushi Acquisition Corp.**” means a company formed under the BCBCA to facilitate the SR Offering.

“**Jushi Acquisition Shares**” means the common shares in the capital of Jushi Acquisition Corp.

“**Jushi Board**” means the board of directors of Jushi.

“**Jushi Merger Sub**” means a U.S. subsidiary of Tanzania to be formed to facilitate the Business Combination.

“**Jushi Shares**” means all of the issued and outstanding shares of Jushi.

“**Jushi Shareholders**” means holders of Jushi Shares.

“**Key Persons**” has the meaning ascribed thereto under “*Part V – Risk Factors – Risks Related to Jushi and the Business of the Resulting Issuer*”.

“**MAUCRSA**” means the Medicinal and Adult Use Cannabis Regulation and Safety Act.

“**Maximum Acquiror Shares**” has the meaning ascribed thereto under “*Part III – The Business Combination – The Definitive Agreement*”.

“**MCRSA**” means the Medical Cannabis Regulation and Safety Act.

“**Meeting**” means the annual and special meeting of Tanzania Shareholders held on April 29, 2019 to consider and approve the Tanzania Resolutions.

“**Mend**” means Mend Products LLC (formerly known as Medicinal Excellence for Neurological Disorders, LLC).

“**METRC**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Cannabis Industry Background and Trends – U.S. Regulatory Environment*”.

“**MGO**” means Macias Gini & O’Connell LLP.

“**MMCC**” means the Maryland Medical Cannabis Commission.

“**MOU**” means memorandum of understanding.

“**MSOs**” means U.S. Multi-State Operators.

“**Multiple Voting Shares**” means the Class C multiple voting shares in the capital of the Resulting Issuer, after giving effect to the Business Combination.

“**Name Change**” means the name change of Tanzania to “Jushi Holdings Inc.” or such other name as Jushi, in its sole discretion, deems appropriate and is acceptable to the applicable regulatory authorities.

“**NEO**” means a named executive officer.

“**NEO Exchange**” means Neo Exchange Inc.

“**NEX**” means the NEX board of the TSX Venture Exchange.

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

“**Nominating and Corporate Governance Committee**” means the nominating and corporate governance committee of the Resulting Issuer Board.

“**NQSOs**” means nonqualified stock options.

“**Odd Lot**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Description of Securities – Subordinate Voting Shares*”.

“**Odyssey**” means Odyssey Trust Company, the current registrar and transfer agent for Tanzania.

“**Options**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Options to Purchase Securities – Equity Incentive Plan*”.

“**Participant**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Options to Purchase Securities – Equity Incentive Plan*”.

“**Person**” means a company or individual.

“**Program**” means the Industrial Hemp Agricultural Research Pilot Program.

“**Registered Tanzania Shareholder**” means a registered holder of Tanzania Shares.

“**Registrar**” means the Registrar of Companies appointed under the BCBCA.

“**Resulting Issuer**” means Tanzania after completion of the Business Combination, to be named “Jushi Holdings Inc.” after completion of the Name Change.

“**Resulting Issuer Audit Committee**” means the contemplated audit committee of the Resulting Issuer.

“**Resulting Issuer Board**” means the board of directors of the Resulting Issuer as the same is constituted from time to time.

“**Resulting Issuer Board Nominees**” means James Cacioppo, Erich Mauff, Joseph Cohen (Max), Benjamin Cross, Stephen Monroe and Peter Adderton.

“**Resulting Issuer Compensation Committee**” means the compensation committee of the Resulting Issuer.

“**Resulting Issuer Nominating and Corporate Governance Committee**” means the nominating and corporate governance committee of the Resulting Issuer.”

“**Resulting Issuer Options**” means options to purchase Subordinate Voting Shares.

“**Rohrabacher/Blumenauer Amendment**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Cannabis Industry Background and Trends – U.S. Regulatory Environment*”.

“**ROs**” means registered organizations.

“**RPAs**” means Research Partner Agreements.

“**RSUs**” means restricted stock units.

“**SARs**” means stock appreciation rights.

“**Second Merger**” has the meaning ascribed thereto under “*Part III – The Business Combination – The Exchange Agreement*”.

“**Secured Loan**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – General Development of the Business – Acquisitions*”.

“**Seed-to-sale**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Cannabis Industry Background and Trends – U.S. Regulatory Environment*”.

“**Severance Payment**” has the meaning ascribed thereto under “*Part IV – Information Concerning the Resulting Issuer – Proposed Executive Compensation – Termination or Change of Control Benefits*”.

“**SFN**” means San Felasco Nurseries Inc.

“**Sound Wellness**” means Sound Wellness, LLC.

“**Sound Wellness Holdings**” means Sound Wellness Holdings, Inc.

“**SR Offering**” has the meaning ascribed thereto under “*Part III – The Business Combination – Subscription Receipt Offering*”.

“**SR Offering Price**” has the meaning ascribed thereto under “*Part III – The Business Combination – Subscription Receipt Offering*”.

“**Staff Notice 51-352**” means Canadian Securities Administrators Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities.

“**STATES Act**” means the Strengthening the Tenth Amendment Through Entrusting States Act.

“**Subordinate Voting Shares**” means the Class B subordinate voting shares in the capital of the Resulting Issuer, after giving effect to the Business Combination.

“**Subscription Receipts**” means the subscription receipts of Jushi Acquisition Corp. to be issued pursuant to the SR Offering.

“**Subscription Receipt Agent**” means Odyssey Trust Company.

“**Substitute Awards**” has the meaning ascribed thereto under “*Part III – The Business Combination – The Exchange and Exchange Agreement*”.

“**Super Voting Shares**” means the Class A super voting shares in the capital of the Resulting Issuer, after giving effect to the Business Combination.

“**T&T**” has the meaning ascribed thereto under “*Part II – Information Concerning Jushi – Cannabis Industry Background and Trends – U.S. Regulatory Environment – California – Reporting Requirements*”.

“**Tanzania**” means Tanzania Minerals Corp., a corporation existing under the BCBCA.

“**Tanzania Board**” means the board of directors of Tanzania.

“**Tanzania Shareholders**” means the holders of Tanzania Shares.

“**Tanzania Shares**” means the common shares in the capital of Tanzania, prior to giving effect to the Consolidation.

“**Tanzania Sub**” means a company to be formed by Tanzania to facilitate the Business Combination and to merge with Jushi Acquisition Corp.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Termination Date**” has the meaning ascribed thereto under “*Part III – The Business Combination – The Definitive Agreement – Termination*”.

“**TGS**” means TGS National Franchise, LLC.

“**TGS Colorado**” means The Green Solution.

“**TGS National**” means TGS National Holdings, LLC.

“**THC**” means tetrahydrocannabinol.

“**TSXV**” means the TSX Venture Exchange.

“**U.S.**” means the United States of America, its territories and possessions, any State of the U.S. and the District of Columbia.

“**USA PATRIOT Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

“**USDA**” means U.S. Department of Agriculture.

“**2014 Farm Bill**” means Agricultural Act of 2014.

“**2018 Farm Bill**” means the Agriculture Improvement Act of 2018.

“**2018 Plan**” has the meaning ascribed thereto under “*Part III – The Business Combination – The Exchange and Exchange Agreement*”.

FORWARD LOOKING STATEMENTS AND CAUTIONARY INFORMATION

This Filing Statement includes “forward-looking information” and “forward-looking statements” within the meaning of Canadian securities laws and U.S. securities laws. All information, other than statements of historical facts, included in this Filing Statement that address activities, events or developments that Tanzania or Jushi expect or anticipate 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: expectations regarding whether the Business Combination will be completed, including whether conditions, including regulatory approvals to the Business Combination will be satisfied or obtained, or the timing for completing the Business Combination; expectations for the effects of the Business Combination, the potential benefits of the Business Combination; whether the SR Offering will be completed; statements relating to the business and future activities of, and developments related to, Tanzania and Jushi after the date of this Filing Statement, including such things as future business strategy, competitive strengths, goals, expansion and growth of Jushi’s business, operations and plans, including new revenue streams, the completion of contemplated acquisitions by Jushi of additional assets, roll out of new operations, the implementation by Jushi of certain product lines, implementation of certain research and development, the application for additional licenses and the grant of licenses that will be or have been applied for, the expansion or construction of certain facilities, the expansion into additional U.S. and international markets, any potential future legalization of adult use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which Jushi operates; expectations for other economic, business, regulatory and/or competitive factors related to Tanzania and Jushi 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 and estimates of management of Tanzania and Jushi, respectively, at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Tanzania, Jushi or the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others, risks relating to the ability to complete the Business Combination; the ability to obtain requisite regulatory approvals and the satisfaction of other conditions to the Business Combination on the proposed terms and schedule; risks relating to the ability to complete the pipeline transactions described in “*Part II – Information Concerning Jushi – General Development of the Business – Pipeline Transactions by State*”; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third party service providers; risks related to the enforceability of contracts; the limited operating history of Jushi; reliance on the expertise and judgment of senior management of Jushi and the Resulting Issuer; risks inherent in an agricultural business; risks related to co-investment with parties with different interests to Jushi or the Resulting Issuer; risks related to proprietary intellectual property and potential infringement by third parties; the concentrated Founder voting control of the Resulting Issuer and the unpredictability caused by the anticipated capital structure; risks relating to financing activities including leverage and issuing additional securities; risks relating to the management of growth; increased costs associated with the Resulting Issuer becoming a publicly traded company; increasing competition in the industry; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labour; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; the limited market for securities of the Resulting Issuer; limited research and data relating to cannabis; as well as those risk factors discussed in “Risk Factors Relating to the Business Combination” below. Although Tanzania and Jushi have attempted to identify important factors that could cause actual results to differ materially, there may be other factors 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. Forward-looking information and statements are provided

and made as of the date of this Filing Statement and Tanzania and Jushi do not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

DATE OF INFORMATION

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of May 31, 2019, and the phrase “as of the date hereof” and equivalent phrases refer to such date.

CURRENCY PRESENTATION

Unless otherwise indicated, all references to “\$” or “C\$” in this Filing Statement refer to Canadian dollars and all references to “US\$” in this Filing Statement refer to U.S. dollars. On May 31, 2019, the daily exchange rate for U.S. dollars reported by the Bank of Canada was US\$1.00 = C\$0.7393.

MARKET AND INDUSTRY DATA

The market and industry data contained in this Filing Statement is based upon information from independent industry and other publications and Jushi’s knowledge of the industry in which the Resulting Issuer will operate. None of the sources of market and industry data have provided any form of consultation, advice or counsel regarding any aspect of, or are in any way whatsoever associated with, the Business Combination. Market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. Neither Tanzania, Jushi nor the Resulting Issuer have independently verified any of the data from third party sources referred to in this Filing Statement or ascertained the underlying assumptions relied upon by such sources.

INFORMATION CONCERNING JUSHI AND THE RESULTING ISSUER

The information contained or referred to in this Filing Statement relating to Jushi and the description of the business of the Resulting Issuer upon the completion of the Business Combination has been furnished by Jushi. Although Tanzania has no knowledge that would indicate that any statements contained herein concerning Jushi and the description of the business of the Resulting Issuer anticipated upon the completion of the Business Combination are untrue or incomplete, neither Tanzania nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Jushi to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

INFORMATION CONCERNING TANZANIA

The information contained or referred to in this Filing Statement relating to Tanzania has been furnished by Tanzania. Although Jushi has no knowledge that would indicate that any statements contained herein concerning Tanzania are untrue or incomplete, neither Jushi and its subsidiaries nor any of the directors or officers of Jushi and/or its subsidiaries assumes any responsibility for the accuracy or completeness of such information or for any failure by Tanzania to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

SUMMARY

The following is a summary of information relating to Tanzania, Jushi, the Business Combination and the Resulting Issuer (assuming completion of the Business Combination) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Unless otherwise stated herein, all capitalized terms herein shall have the meaning set forth in the Glossary of Terms.

Tanzania

On June 29, 2007, Tanzania was incorporated as “Hill Top Resources Corp.” under the BCBCA. The head office of Tanzania is located at 300 Bellevue Centre, 235 15th Street, West Vancouver, British Columbia, V7T 2X1 and the registered office is located at Suite 217, 179 Davie Street, Vancouver, BC, V6Z 2Y1.

Tanzania completed an initial public offering on the TSXV on January 30, 2008, classified as a “capital pool company” pursuant to TSXV policy. The principal business of Tanzania was the identification and evaluation of businesses and assets with a view to completing a qualifying transaction.

On July 17, 2010, Tanzania closed a qualifying transaction to acquire all of the issued and outstanding shares of a non-reporting company named “Tanzania Minerals Corp.”, which was incorporated under the BCBCA on October 26, 2006, with the acquired company concurrently with the qualifying transaction being renamed “0886490 B.C. Ltd.”. At the time of the qualifying transaction, 0886490 B.C. Ltd. was the beneficial owner of all of the issued and outstanding shares of Tansmin Resources (Tanzania) Limited, a company organized and existing under the laws of Tanzania.

On the effective date of the qualifying transaction, Tanzania’s shares commenced trading on the TSXV until January 29, 2018, when the listing was transferred by the TSXV to the NEX.

Tanzania’s investing in 0886490 B.C. Ltd. and Tansmin Resources (Tanzania) Limited have since been written off and the shares of 0886490 B.C. Ltd. have been disposed of for nominal consideration.

Tanzania has no active business and has been actively seeking new ventures which would allow it to acquire or participate in a reverse takeover.

On November 5, 2018, Tanzania announced that it had entered into the Definitive Agreement with Jushi and trading was halted at the request of Tanzania in accordance with TSXV policies. Trading in Tanzania Shares will remain halted until the closing of the Business Combination at which point the Tanzania Shares will be delisted from the NEX and commence trading on the NEO Exchange.

See “*Part I – Information Concerning Tanzania – History*”.

Jushi

Jushi was formed on January 23, 2018 by filing a Certificate of Incorporation with the Secretary of State of the State of Delaware and is governed by amended and restated bylaws and a stockholders agreement dated February 13, 2018. Jushi’s head office is located at 1800 NW Corporate Boulevard, Boca Raton, Florida 33431, and registered address is located at 8 The Green, Suite A, Dover, Delaware 19901, care of a registered agent.

Jushi was formed to engage globally in the business of cultivation, manufacturing, distribution and retail of both medical and adult use products derived from cannabis and hemp.

Since its incorporation, Jushi’s strategic approach to cannabis is to target large adult use markets such as California and Nevada as well as limited license medical markets such as New York, Ohio, Pennsylvania, Florida and Virginia.

Jushi either purchases controlling interests in existing licenses or applies for licenses directly. Jushi, through its subsidiaries, currently has operations in the states of New York.

Jushi's hemp initiative targets California, Colorado, Florida, and New York for purposes of the cultivation, extraction and processing of hemp-derived cannabidiol. Jushi will leverage its medically formulated Mend brand acquired in 2018. Jushi will distribute hemp-derived CBD via the wholesale channel or direct to consumers online and via dedicated Mend retail storefronts.

See "*Part II – Information Concerning Jushi – General Development of the Business*".

Business Combination

Jushi entered into the Definitive Agreement with Tanzania on November 2, 2018, whereby, among other things, Tanzania agreed to acquire all of the issued and outstanding shares of Jushi. Completion of the Business Combination contemplated under the Definitive Agreement will result in a reverse takeover of Tanzania.

See "*Part III – The Business Combination*".

Consolidation and Name Change

The terms of the Definitive Agreement provide that, prior to the closing of the Business Combination, Tanzania must effect, among other things, (i) the consolidation of Tanzania Shares on the basis of one post-consolidation Subordinate Voting Share for 22.75711 issued and outstanding pre-consolidation Tanzania Shares; and (ii) a change of its name to Jushi Holdings Inc. or such name as may be requested by Jushi and acceptable to the applicable regulatory authorities.

At the Meeting, Tanzania Shareholders approved a resolution authorizing the Name Change.

Reconstitution of Resulting Issuer Board

The terms of the Definitive Agreement provide that the Resulting Issuer Board is to be reconstituted with the director nominees of Jushi effective on the closing of the Business Combination. At the Meeting, the director nominees of Jushi were nominated for election to the Resulting Issuer Board to serve from the closing of the Business Combination until the next annual meeting of shareholders (or until their successors are elected or appointed).

Conditions to Completion of the Business Combination

The closing of the Business Combination remains subject to the satisfaction of a number of conditions customary for this type of Business Combination, including, but not limited to, the requirements of the NEO Exchange, including the listing of the Subordinate Voting Shares on the NEO Exchange on the closing of the Business Combination.

See "*Part III – The Business Combination*".

Subscription Receipt Offering

In connection with the Business Combination, Jushi Acquisition Corp. is expected to raise gross proceeds of approximately US\$68,200,270 in Subscription Receipts at a price of US\$2.75 per Subscription Receipt under the SR Offering. The SR Offering was completed through a syndicate of agents led by Eight Capital. Each Subscription Receipt will be automatically converted into one Jushi Acquisition Share (subject to adjustment for certain events) immediately prior to completion of the Business Combination, without payment of any additional consideration and without further action on the part of the holder thereof.

The Escrow Agent is holding the Escrow Funds in escrow, which is an amount equal to the gross proceeds of the SR Offering less the expenses incurred in connection with the SR Offering including Agents' counsel paid by the Resulting Issuer pursuant to the Agency Agreement. Provided that the Escrow Release Conditions are satisfied on or prior to the Escrow Release Deadline, the

Subscription Receipt Agent will release: (i) to the Agents, the cash commission to which they are entitled, plus the reasonable costs and expenses of the Agents not already reimbursed by Jushi Acquisition Corp.; and (ii) to Jushi Acquisition Corp., the balance of the proceeds of the SR Offering.

See “*Part III – The Business Combination*”.

Resulting Issuer

After the completion of the Business Combination (including the conversion of the Subscription Receipts issued under the SR Offering into Subordinate Voting Shares, which is to occur prior to the closing of the Business Combination), it is expected that there will be approximately 84,153,812 Subordinate Voting Shares outstanding, with (a) the current holders of Tanzania Shares holding approximately 413,279 Subordinate Voting Shares (on a post-consolidation basis), representing approximately 0.5% of the issued and outstanding Subordinate Voting Shares; and (b) the holders of Jushi Shares (including from the conversion of the Subscription Receipts to Jushi Acquisition Shares on the Escrow Release Date) holding approximately 83,740,533 Subordinate Voting Shares, representing approximately 99.5% of the issued and outstanding Subordinate Voting Shares.

See “*Part III – The Business Combination*”.

At the Meeting, the Tanzania Shareholders elected the director nominees of Jushi to the Resulting Issuer Board, effective on the closing of the Business Combination. The Resulting Issuer Board will consist of: James Cacioppo, Erich Mauff, Max Cohen, Benjamin Cross, Stephen Monroe and Peter Adderton, with one vacancy.

See “*Part IV – Information Concerning the Resulting Issuer – Directors, Officers and Promoters*”.

The NEO Exchange has conditionally approved the listing of the Subordinate Voting Shares. Listing is subject to the Resulting Issuer fulfilling all of the requirements of the NEO Exchange.

Interest of Insiders, Promoters or Control Persons

The interests, both before and after the giving effect to the Business Combination, of Tanzania’s insiders, promoters and control persons and their respective associates and affiliates, including any consideration expected to be received in the Business Combination, only arises from the holding of Tanzania Shares as set out below:

Name	Number of Tanzania Shares held as at the Filing Statement Date ⁽¹⁾	Number of Resulting Issuer Shares After Giving Effect to the Business Combination
Robert Dzisiak	119,278	5,241
Daniel Caamano	Nil	Nil
Beverley Funston	590,744	25,959
Lorilee Kozuska	3,866	170

Notes:

(1) Assuming all warrants have been exercised.

Directors and Officers of the Resulting Issuer

It is anticipated that the directors and officers of the Resulting Issuer, and the number and percentage of Subordinate Voting Shares over which such directors and officers, and the associates and affiliates of such directors and officers, exercise control or direction, will be as set forth below.

Proposed Directors and Officers	Number of Securities of the Resulting Issuer After Giving Effect to the Business Combination⁽¹⁾
James Cacioppo	114,000 Super Voting Shares 1,783,474 Subordinate Voting Shares
Erich Mauff	20,000 Super Voting Shares 1,674,607 Subordinate Voting Shares
Max Cohen	Nil
Benjamin Cross	100,000 Subordinate Voting Shares
Stephen Monroe	Nil
Peter Adderton	Nil

Notes:

(1) Excludes any options or warrants held by such persons.

See “Part IV – Information Concerning the Resulting Issuer – Directors, Officers and Promoters”.

Arm’s Length Business Combination

The Business Combination is an arm’s length business combination.

Estimated Available Funds of the Resulting Issuer

It is anticipated that upon completion of the Business Combination, the Resulting Issuer will have approximately US\$116,609,289 in available funds, including the net proceeds from the SR Offering. These funds will consist of cash, which will be used as set forth below and under “Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes”.

Source of Funds	Available Funds US\$
Estimated working capital of the Resulting Issuer as at February 28, 2019 ⁽¹⁾	\$52,778,031
Net proceeds of the SR Offering ⁽²⁾	\$63,831,258
Estimated total funds available to the Resulting Issuer on completion of the Business Combination	\$116,609,289

Notes:

(1) Based on estimated (audited) working capital of Tanzania of approximately US\$19,635 as of February 28, 2019 and estimated (audited) working capital of Jushi of approximately US\$52,758,396 as of December 31, 2018, which includes approximately US\$16,100,000 of proceeds received from the private placement of Class B Units in March 2019.

(2) Jushi Acquisition Corp. will merge with Tanzania Sub and become part of Tanzania.

Principal Purposes of Funds

The following table sets out information regarding the Resulting Issuer’s intended principal uses of funds for the 12 months following the closing of the Business Combination and contains forward looking information developed for this Filing Statement and approved by management of Jushi.

Proposed Use of Available Funds (12 months following closing of the Business Combination)	Amount Assuming Completion of the Business Combination US\$
Estimated cost of the Business Combination	\$4,369,012
Acquisition of businesses / assets ⁽¹⁾	\$80,000,000
General and administrative expenses (12 months) ⁽²⁾	\$9,000,000
Total Use of Funds Available	\$93,369,012

Notes:

- (1) The Resulting Issuer intends to make acquisitions using, in aggregate, a combination of cash, stock, and sellers' notes; this estimate only includes the aggregate cash component of such acquisitions. See "*Part II – Information Concerning Jushi – General Development of the Business – Pipeline Transactions by State*".
- (2) The estimate of general and administrative expenses for the 12 months following closing of the Business Combination includes transfer agent and stock exchange fees, legal, audit and accounting fees, shareholder communication and marketing expenses, insurance and miscellaneous other expenses.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult at this time to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of Tanzania and Jushi consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises.

See "*Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Pro Forma Consolidated Financial Information for the Resulting Issuer as at February 28, 2019

The following table summarizes selected pro forma financial information for the Resulting Issuer as at February 28, 2019, assuming completion of the Business Combination (and the release of the net proceeds of the SR Offering to Jushi, which is a condition precedent to the completion of the Business Combination). The information should be read in conjunction with the Resulting Issuer's pro forma financial statements and related notes and other financial information included in Appendix D in this Filing Statement.

Item	Tanzania as at February 28, 2019 US\$	Jushi as at December 31, 2018 US\$	Pro Forma Adjustments US\$	Resulting Issuer Pro Forma as at February 28, 2019⁽¹⁾ US\$
Current assets	\$86,971	\$40,226,060	\$75,296,258	\$115,609,289
Total assets	\$86,971	\$50,180,794	\$78,931,258	\$129,199,023
Total liabilities	\$67,336	\$8,664,629	--	\$8,731,965
Total shareholders' equity	\$19,635	\$41,516,165	\$78,931,258	\$120,467,058

Notes:

(1) Assumes completion of the SR Offering.

See Appendix D – “*Pro Forma Financial Statements for the Resulting Issuer*”.

Market for Securities

The Tanzania Shares are listed on the NEX under the trading symbol “TZM.H”. On November 5, 2018, Tanzania announced entering into the Definitive Agreement with Jushi and trading in Tanzania Shares was halted in accordance with TSXV Policies. The closing price of Tanzania Shares as of November 5, 2018, the last trading day prior to the date hereof, was \$0.155 per Tanzania Share.

It is a condition precedent to the completion of the Business Combination that the Business Combination receives Exchange Approval. The NEO Exchange has conditionally approved the listing of the Tanzania Shares under the symbol “JUSH”. Listing is subject to the Resulting Issuer fulfilling all of the requirements of the NEO Exchange. Tanzania has applied to delist the Tanzania Shares from the NEX.

See “*Part I – Information Concerning Tanzania – General Development of the Business*”.

No public market currently exists for the Jushi Shares.

Interests of Experts

The current auditors of Tanzania and Jushi are Davidson and MGO, respectively. Davidson is independent of Tanzania within the meaning of the *Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia* and MGO is independent of Jushi within the relevant rules and related interpretations prescribed by the relevant bodies in Canada and any applicable legislation or regulations.

To the knowledge of Tanzania and Jushi, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement, or prepared or certified a report or valuation described or included in this Filing Statement, beneficially owns more than 1% of the issued and outstanding Tanzania Shares, Jushi Shares, or, upon closing of the Business Combination, Subordinate Voting Shares. Moreover, no such person or company, or any of their respective directors, officers or employees, is, or expects to be, elected, appointed or employed as a director, officer or employee of the Resulting Issuer or any of its associates or affiliates. See “*Part VI – General Matters – Interest of Experts*”.

Conflicts of Interest

Certain of the proposed directors and officers of the Resulting Issuer are directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. To the knowledge of the proposed directors and officers of the Resulting Issuer, as at the Filing Statement Date, there are no existing conflicts of interest between the Resulting Issuer and any of the proposed directors or officers of the Resulting Issuer.

See “*Part IV – Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Conflicts of Interest*” and “*Part V – Risk Factors*”.

Risk Factors

There are inherent risks associated with the Business Combination, Jushi’s business and the Resulting Issuer’s business.

The risks relating to the Business Combination include, among other things, the conditions to the Business Combination, including receipt of Exchange Approval, not being satisfied. If the Business Combination is not completed, Tanzania may not be able to identify a suitable opportunity that would allow it to either acquire or participate in a reverse takeover.

The risks relating to the Business Combination, the business of Jushi and the business of the Resulting Issuer include, among other things:

Risk Factors Related to the Business Combination

- There can be no certainty that the Business Combination will be completed;
- Possible termination of the Definitive Agreement;
- Following the completion of the Business Combination, the Resulting Issuer will issue additional equity securities; and
- While the Business Combination is pending, Tanzania is restricted from taking certain actions.

Risk Factors Related to Jushi and the Business of the Resulting Issuer

- U.S. federal law and enforcement of cannabis and hemp;
- U.S. border officials could deny entry into the U.S. to employees of, or investors in companies with cannabis operations in the U.S.;
- Difficulty accessing the services of banks and/or other financial institutions;
- Difficulty accessing public and private capital;
- Lack of access to U.S. bankruptcy protections;
- Risks related to heightened scrutiny by regulatory authorities;
- Risks related to operating in a highly regulated industry;
- Risks related to events or developments in the cannabis industry;
- Risks related to negative publicity or consumer perception;
- Risks related to relationships with third parties;
- Risks related to competition;
- Risks associated with insurance in the cannabis industry;
- Risks related to U.S. anti-money laundering laws and regulations;
- Risks related to transportation;
- Risks related to rising energy costs;
- Risks related to the agricultural business;
- Risks related to environmental regulations;
- Risks related to government approvals and permits;
- Risks related to differences in regulatory requirements across state jurisdictions;
- Risks related to advertising and promotion;
- Risks related to product liability regimes and strict product recall requirements;
- Risks related to the development and sale of new products;
- Risks related to intellectual property rights;
- Risks related to information technology systems and cyber-attacks;
- Risks related to management of growth;
- Risks associated with limited resources and competition for business opportunities;

**Risk Factors Related to
the Resulting Issuer**

- Risks related to opportunities outside of management’s area of expertise;
- Risks related to evaluating prospective target businesses;
- Risks related to researching transactions that are not consummated;
- Risks related to loss of officers and directors;
- Risks related to conflicts of interest;
- Risks related to scientific research;
- Results of future clinical research;
- Reliable data on the medical cannabis industry is not available;
- Risks related to key personnel and employees; and
- Past performance not indicative of future results.
- Risks related to newly incorporated companies;
- Risks related to restrictions on deductions of certain business expenses in accordance with 280E under U.S. tax laws;
- Risks related to tax consequences;
- Risks related to Founder voting control;
- Risks related to unpredictability caused by anticipated capital structure and Founder voting control;
- Risks related to additional financing;
- Risks of leverage;
- Risks related to future acquisitions or dispositions;
- Risks related to acquiring companies;
- Risks related to increased costs as a result of being a public company;
- Certain remedies may be limited;
- Difficulty in enforcing judgments and effecting service of process on directors and officers;
- Financial projections may prove materially inaccurate or incorrect;
- Market price volatility risks;
- Sales by existing shareholders;
- Dividends;
- Limited market for securities;
- Currency fluctuations;
- Legality of contracts; and
- Global financial conditions.

For a more fulsome discussion of relevant risk factors, including a discussion respecting the factors set out above and other relevant risk factors, see “*Part V – Risk Factors*”.

PART I
INFORMATION CONCERNING TANZANIA

Corporate Structure

Name and Incorporation

Tanzania was incorporated pursuant to the provisions of the BCBCA on June 29, 2007 under the name “Hill Top Resources Corp.” Tanzania altered its notice of articles to change its name to “Tanzania Minerals Corp.” on September 7, 2010. The head office of Tanzania is located at 300 Bellevue Centre, 235 15th Street, West Vancouver, British Columbia, V7T 2X1 and the registered office is located at Suite 217, 179 Davie Street, Vancouver, BC, V6Z 2Y1.

Tanzania is a reporting issuer in British Columbia and Alberta.

General Development of the Business

History

On June 29, 2007, Tanzania was incorporated as “Hill Top Resources Corp.” under the BCBCA.

Tanzania completed an initial public offering on the TSXV on January 30, 2008, classified as a “capital pool company” pursuant to TSXV policy. The principal business of Tanzania was the identification and evaluation of businesses and assets with a view to completing a qualifying transaction.

On July 17, 2010, Tanzania closed a qualifying transaction to acquire all of the issued and outstanding shares of a company named “Tanzania Minerals Corp.”, a corporation incorporated under the BCBCA on October 26, 2006, and its wholly-owned subsidiary, Tansmin Resources (Tanzania) Limited, a corporation incorporated and registered pursuant to the laws of Tanzania.

Tanzania registered the change of its name to “Tanzania Minerals Corp.” on September 7, 2010 and commenced trading on the TSXV under the symbol “TZM”. On January 29, 2018, the listing was transferred by the TSXV to the NEX, effective January 29, 2018.

Tanzania currently has no active business and, prior to entering into the Definitive Agreement, was actively seeking new ventures which would allow it to acquire or participate in a reverse takeover.

Description of Securities

Securities

Common Shares

Tanzania is authorized to issue an unlimited number of Tanzania Shares of which, as at the Filing Statement Date, there are 9,405,038 Tanzania Shares issued and outstanding.

Shareholders of Tanzania are entitled to one vote per Tanzania Share at the meetings of Tanzania Shareholders, dividends, if, as and when declared by the Tanzania Board, and upon liquidation, to share equally in the assets of Tanzania that are distributable to Tanzania Shareholders.

To date, Tanzania has neither declared nor paid any dividends, nor does it anticipate that dividends will be declared or paid in the foreseeable future.

Options

As at the date hereof, there are 14,167 Tanzania options outstanding under Tanzania’s option plan. All outstanding options shall be exercisable for up to 30 days from the first day of trading of the Subordinate Voting Shares on the NEO Exchange.

Warrants

As at the date hereof, there are 6,999,932 Tanzania Warrants outstanding. All outstanding warrants shall be exercisable for up to 30 days from the first day of trading of the Subordinate Voting Shares on the NEO Exchange.

The Arm's Length Transaction

The Business Combination is an arm's length transaction.

Legal Proceedings

Tanzania is neither a party, nor is any of its property the subject matter, of any legal proceedings, nor are any such proceedings known to Tanzania to be contemplated by any party.

Auditor, Transfer Agent and Registrar

The auditor of Tanzania is Davidson with a Vancouver office located at 1200 – 609 Granville Street, Vancouver, British Columbia, V7T 1G6.

Tanzania's transfer agent and registrar is Odyssey at its Vancouver office, located at the United Kingdom Building, 323 – 409 Granville Street, Vancouver, British Columbia V6C 1T2.

Material Contracts

The only material contract entered into by Tanzania that is in effect as of the date hereof is the Definitive Agreement as described under "*Part III – The Business Combination – The Definitive Agreement*". A copy of the Definitive Agreement is available at www.sedar.com.

PART II INFORMATION CONCERNING JUSHI

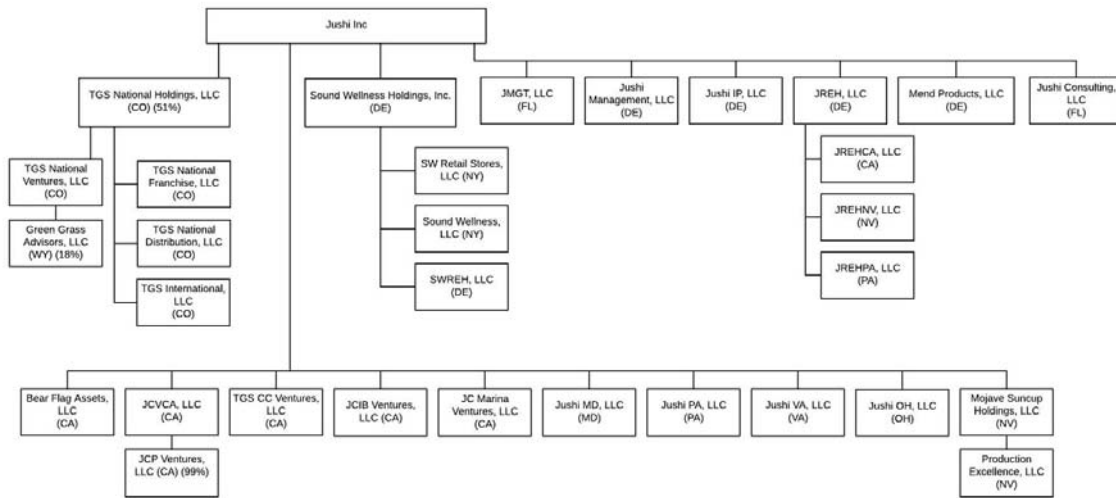
Corporate Structure

Name and Incorporation

Jushi was formed on January 23, 2018 by filing a Certificate of Incorporation with the Secretary of State of the State of Delaware and is governed by amended and restated bylaws and a stockholders agreement dated February 13, 2018. Jushi's head office is located at 1800 NW Corporate Boulevard, Boca Raton, Florida 33431, and registered address is located at 8 The Green, Suite A, Dover, Delaware 19901, care of a registered agent.

Intercorporate Relationships

The organizational chart of Jushi setting out the materially active subsidiaries is set forth below. Unless otherwise noted, all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



General Development of the Business

History

Jushi was formed in early 2018 to engage globally in the business of cultivation, manufacturing, distribution and retail of both medical and adult use products derived from cannabis and hemp.

Since its incorporation, Jushi’s strategic approach to its business has been to target large adult use markets such as California and Nevada, as well as limited license medical markets such as New York, Ohio, Pennsylvania and Virginia. Jushi has purchased controlling interests in existing licenses as well as made applications for licenses directly. Jushi’s hemp initiative has targeted California, Colorado, Florida and New York for purposes of the cultivation, extraction and processing of hemp-derived CBD. Jushi currently has operations in the States of New York.

Jushi has successfully raised over US\$69 million (not including the SR Offering) and is concurrently pursuing numerous expansion efforts in the Western U.S. including Las Vegas and Southern California, in the Eastern U.S., and has plans to expand to Europe. Jushi remains well-capitalized with over US\$40 million cash and short-term investments.

Pursuant to the Business Combination, a series of transactions are to be completed, resulting in a reorganization of Jushi and Tanzania. The Resulting Issuer will become the indirect parent and sole voting unitholder of Jushi. The Resulting Issuer will carry on the business currently carried on by Jushi.

Sound Wellness

Jushi’s wholly-owned subsidiary, Sound Wellness, is a New York limited liability company that was formed on November 27, 2018. Sound Wellness is engaged in the business of manufacturing consumer products derived from industrial hemp cultivation and the distribution of such products on a wholesale and consumer retail basis worldwide.

On January 24, 2019, Sound Wellness was awarded an Industrial Hemp CBD Processor License by the New York State Department of Agriculture and Markets.

In April 2019, Sound Wellness Holdings was incorporated in Delaware as a wholly-owned subsidiary of Jushi. Contemporaneously, Jushi’s hemp subsidiaries, including Sound Wellness, were reorganized to become wholly-owned subsidiaries of Sound Wellness Holdings.

Jushi expects that additional financing with respect to Sound Wellness may be required and/or may provide a potential spin-out opportunity. Jushi is contemplating various alternatives in order to position Sound Wellness to be able to access financing opportunities unavailable to cannabis companies.

Jushi Europe BV

In April 2019, Jushi entered into an agreement to form a 51% Jushi-owned joint venture called Jushi Europe.

Private Placement Financings

In early March 2019, Jushi completed a private placement of 8,080,000 Class B units (“**Class B Units**”) at a price of US\$2.00 per Class B Unit for gross proceeds of US\$16,160,000. The net proceeds of the offering will be used for working capital, including without limitations, to purchase assets. The Class B Units consist of one Class B Share and a half-warrant at a strike price of US\$3.00.

In October 2018, Jushi closed a single sale of 2,000,000 Class B Units at a price of US\$1.50 per Class B Unit for gross proceeds of US\$3,000,000. The Class B Units consist of one Class B Share and a half-warrant at a strike price of US\$2.25.

In June 2018, Jushi completed a private placement of 13,000,000 Class B Units at a price of US\$1.35 per Class B Unit for gross proceeds of US\$17,800,000. The net proceeds of the offering will be used for working capital, including without limitations, to purchase assets. The Class B Units consist of one Class B Share and a half-warrant at a strike price of US\$2.00.

In April 2018, Jushi completed a private placement of 22,000,000 Class B Units at a price of US\$1.00 per Class B Unit for gross proceeds of US\$22,000,000. The net proceeds of the offering will be used for working capital, including without limitations, to purchase assets. The Class B Units consist of one Class B Share and a half-warrant at a strike price of US\$2.00.

In February 2018, Jushi completed a private placement of 21,000,000 Class A units (“**Class A Units**”) at a price of US\$0.50 per Class A Unit for gross proceeds of US\$10,500,000. The net proceeds of the offering were used for the initial capitalization of Jushi, working capital and to purchase assets. The Class A Units consist of one Class B Share and a full warrant at a strike price of US\$1.00.

Acquisitions

Since the formation of Jushi in early 2018, Jushi has closed on two acquisitions:

Mend Products, LLC

In November 2018, Jushi acquired all of the membership interests in Mend Products, LLC (formerly known as Medicinal Excellence for Neurological Disorders, LLC) (“**Mend**”), a Delaware limited liability company. Mend owns rights to the ‘Mend’ brand. As of May 22, 2019, Jushi is currently distributing hemp-derived CBD via a retail store in New York and has lease commitments on retail locations in Pennsylvania and California. Jushi also plans to sell Mend products through wholesale channels and direct to consumers online.

TGS National Holdings, LLC and its Subsidiaries

In February 2018, Jushi entered into a series of transactions with TGS National Holdings, LLC (“**TGS National**”) and its subsidiaries. TGS National is a franchisor and licensor which was pre-acquisition, affiliated with the Colorado-based cannabis operator The Green Solution (“**TGS Colorado**”). At the time, TGS National held a number of franchise agreements with state-licensed cannabis operators. Jushi and the owners of TGS National have signed an agreement, the terms of which are confidential, that subject to certain terms and conditions, will terminate the relationship.

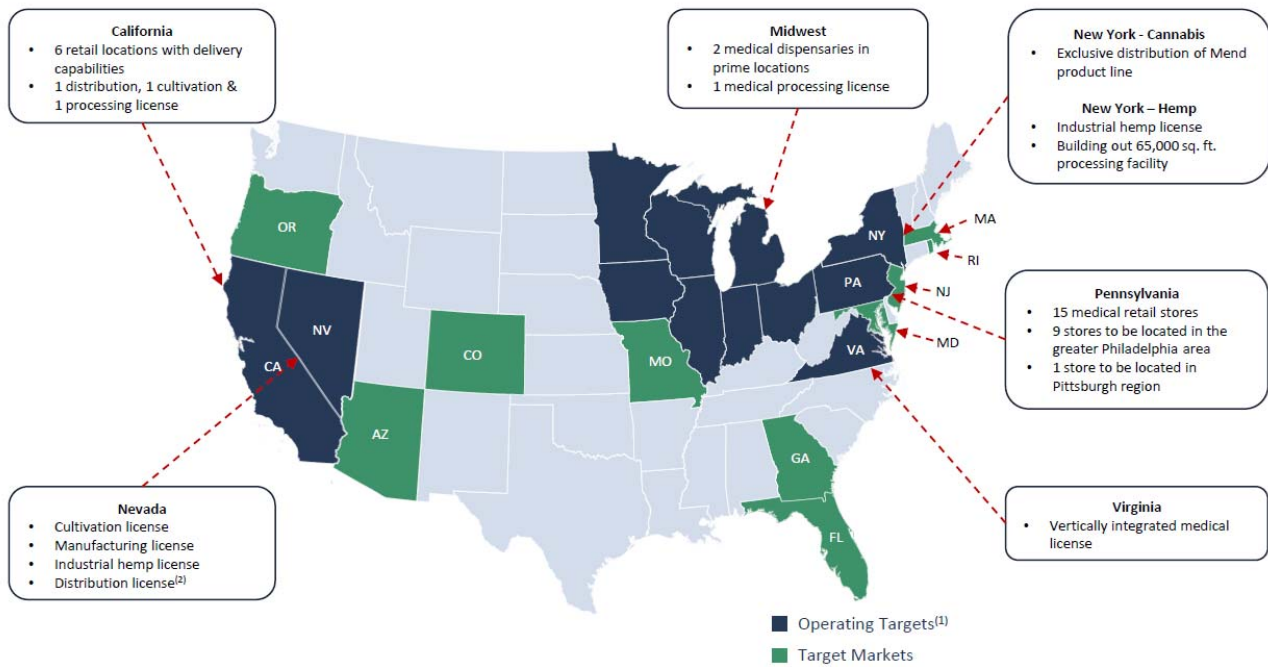
Jushi purchased 51% of TGS National for equity and contemporaneously entered into a US\$9,500,000 note purchase agreement (the “**Secured Loan**”) with Beacon Holdings, LLC, a TGS Colorado affiliate. Subsequently, two franchisees terminated their franchise agreements, including Florida franchisee San Felasco Nurseries Inc. (“**SFN**”) (for additional information, see “*Part II – Information Concerning Jushi – Legal Proceedings*”). As of March 2019,

Jushi is in the process of terminating the TGS National relationship pursuant to a settlement agreement with the owners of TGS National.

Pipeline Transactions by State

Jushi intends to leverage its global relationships and network of industry participants and advisors to actively source and identify acquisition opportunities. Jushi expects to selectively pursue compelling acquisitions that leverage and complement Jushi's strengths in sales, marketing, new product development, quality, production, and distribution.

Jushi's current footprint and expansion opportunities in the U.S. are outlined below:



Notes:

- (1) Includes targets under letter of intent, binding term sheet or definitive documents.
- (2) Application pending.

Jushi is currently contemplating a number of potential acquisitions, including the following:

California

In February 2019, Jushi entered into a securities purchase agreement to acquire 100% of a target company, subject to regulatory approval and the fulfillment of certain other conditions. In addition, Jushi closed on the acquisition of the associated real estate. The target company has the right to operate one (1) of only three (3) adult use cannabis dispensaries in the City of Santa Barbara. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

In March 2019, Jushi entered into a term sheet to acquire 100% of a target company, subject to due diligence and the entering into of definitive documentation. The target company operates one of only 16 adult use retail cannabis dispensaries and has the right to operate one of only six (6) cannabis delivery businesses in San Jose.

On March 6, 2019, Jushi purchased a commercial property located at 3516 State Street, Santa Barbara, California for US\$3,100,000. The property includes a building with suitable retail space of approximately 3,900 square feet. Jushi agreed to develop and lease a portion of the property to GSG SBCA, Inc.

In February 2019, Jushi entered into a membership issuance and acquisition of management agreement with a target company pursuant to which it will, subject to the fulfillment of certain regulatory conditions, acquire control of the

target company. The target company has the right to operate one (1) of only two (2) adult use retail cannabis dispensaries in Malibu. Prior to that, in October 2018, Jushi, through its subsidiary, signed a lease giving it the right, subject to the fulfillment of certain regulatory conditions, to occupy approximately 3,000 square foot of space in a prime retail location on Pacific Coast Highway in Malibu. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

In January 2019, Jushi entered into a term sheet with a target company to acquire medical and adult use cannabis retail, cultivation, manufacturing and distribution licenses in Santa Ana and to lease a building comprising approximately 30,000 square feet in Santa Ana, subject to due diligence and the entering into of definitive documentation. There are only 28 adult use retail cannabis licenses issued in Santa Ana.

New York

In February 2018, Jushi purchased for cash a 16.5% stake in a target company, the parent company of New York state licensed cannabis operator. In October 2018, the owners of the cannabis operator executed definitive agreements to sell 100% of the company for a combination of cash, stock and contingent consideration. The closing of the sale remains subject to regulatory approval. At closing, Jushi expects to receive proceeds worth over US\$15,000,000.

Colorado

In May 2019, Jushi entered into definitive agreements to purchase the intellectual property and consulting agreements held by a target company for equity consideration. Separately, Jushi hired five (5) employees of another potential target company. The intellectual property includes trademarks, trade secrets and other proprietary information related to cannabis brands. As part of these transactions, the founder of the target company, Max Cohen, also joined Jushi as COO and will be a director of the Resulting Issuer. It is expected that the acquisition will close in early June 2019.

Pennsylvania

In February and March 2019, Jushi purchased two (2) commercial properties in Reading and Pottsville, Pennsylvania, and agreed to develop and lease these properties to a target company. The target company received a provisional dispensary permit in Round II from the Pennsylvania Department of Health and plans to open up to three (3) dispensaries to sell medical cannabis in the Philadelphia area. Jushi has entered into a binding letter of intent, subject to negotiation of definitive documents and subsequent receipt of applicable regulatory approval, to purchase a majority stake in the target company.

In March 2019, Jushi entered into a letter of intent to acquire a target company, subject to negotiation of definitive documents and subsequent receipt of applicable regulatory approval. The target company currently has a dispensary permit and operates two (2) medicinal cannabis dispensaries in the Philadelphia area and received three (3) provisional dispensary permits in Round II from the Pennsylvania Department of Health which allows for an additional nine (9) retail stores to be opened, of which approximately six (6) will be located in the Philadelphia area and one (1) in the Pittsburgh region. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

Nevada

In March 2019, Jushi entered into a definitive agreement to purchase 100% of the equity of a target company, as well as related real estate, for a combination of cash and sellers' notes. The target company holds medical and adult use cannabis cultivation, processing and hemp handlers licenses issued by the Nevada Department of Taxation and currently operates a cultivation and production facility in North Las Vegas, Nevada. The target company has also applied for a cannabis distributor license. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

Virginia

In March 2019, Jushi entered into a letter of intent to purchase 51% of a Virginia limited liability company, subject to negotiation of definitive documents and subsequent receipt of applicable regulatory approval. The target company is the holder of one (1) of five (5) provisional pharmaceutical processor permits in the Commonwealth of Virginia.

Midwest

In April 2019, Jushi entered into a letter of intent to enter into a series of agreements including without limitation relating to the provision of services, intellectual property, a real estate sublease, and a restrictive covenant and succession agreement with a provisionally-licensed Ohio medical processing facility. Also in April 2019, Jushi entered into a letter of intent to indirectly acquire a majority interest in a company that operates two (2) medical dispensaries in locations in the Midwest.

Applications

In addition to the above pipeline transactions, Jushi is also currently in the application process for municipal cannabis licenses in Culver City, Imperial Beach, Marina, Pasadena, and Stockton, California, and with the State of Maryland.

Jushi is actively seeking additional acquisition opportunities in its existing markets and additional key markets. For additional information in respect of Jushi's strategy for U.S. and international expansion, see "*Part II – Information Concerning Jushi – Narrative Description of the Business – Growth Strategy*" and "*Part V – Risk Factors – Risks Relating to Jushi and the Business of the Resulting Issuer*".

Narrative Description of the Business

General

Jushi was formed to be a fast growing, U.S.-based, fully-integrated cannabis and hemp company. Jushi believes cannabis and hemp derived products will become accepted consumer goods akin to the tobacco, alcohol, food or pharmaceutical sectors. The state-legal U.S. cannabis market has grown significantly in value since 2013, and Jushi expects this trend to continue as more states legalize the use of medical cannabis or expand legislation to cover full use by all adults regardless of medical certification. The market, however, remains highly fragmented and relatively unprofessional, especially compared to other major consumer segments, with few sophisticated financiers and operators.

Jushi's objective is to leverage its management team's financial and cannabis industry expertise to develop, acquire and operate leading state licensed businesses across the cannabinoid supply chain. In any particular state, Jushi's preferred position in the supply chain is the direct result of a consideration of state and local market conditions prior to making capital allocation decisions. Through its rapidly expanding footprint, it is anticipated Jushi will offer patients and customers premium, high-grade cannabis products and hemp-based CBD products that Jushi will cultivate, process and/or sell directly depending on the jurisdiction.

Once a target opportunity is identified and executed on, Jushi works with skilled local operators to develop high quality consumer and medical products while also implementing industry-leading measures designed to ensure strict compliance with applicable state and local laws in the U.S. on an ongoing basis. Typical measures include the retention of critical advisors, development of standard operating procedures, ongoing monitoring of compliance by on-site management, appropriate employee training, and subscription to monitoring programs to ensure compliance.

Jushi owns, or has entered agreements to purchase, operations in a number of states, including New York, California, Nevada, Pennsylvania and Virginia. Furthermore, Jushi has a number of executives with significant operational experience in the Colorado marketplace and has agreed to purchase the IP associated with well-known Colorado brand.

Significant Events or Milestones

The principal milestones that must occur during the next 12-month period for the business objectives described herein to be accomplished include: continue to make acquisitions, hire key personnel, obtain necessary regulatory

approvals, implement marketing plans and commence production and sales in Jushi's new markets, including retail stores for recreational and medical cannabis where legislation permits.

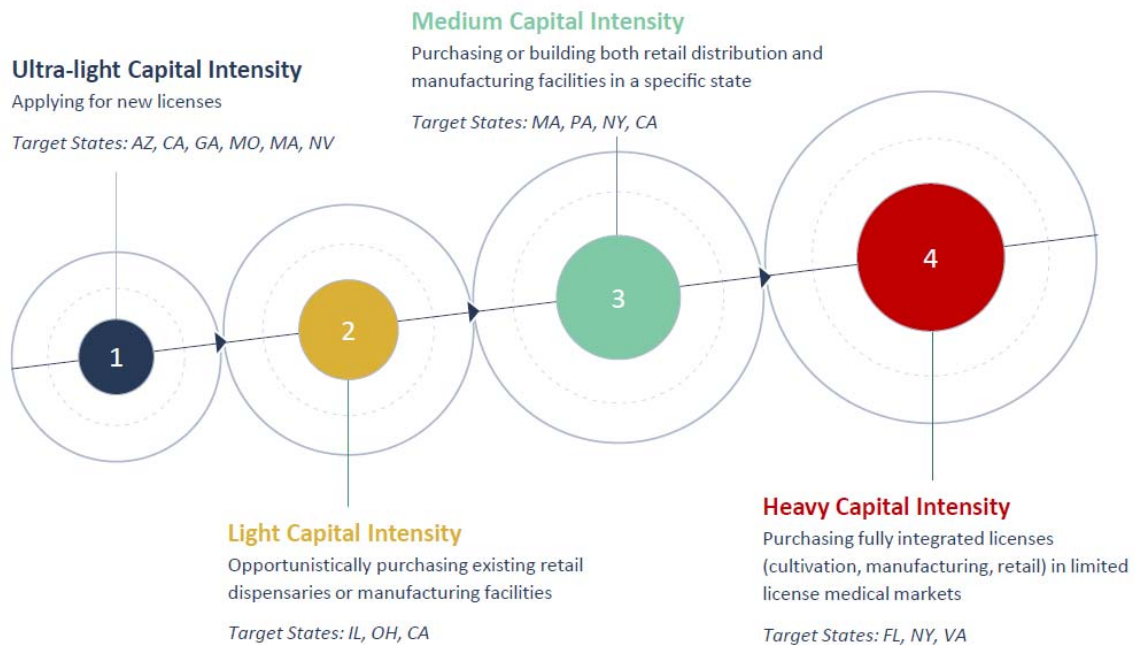
Jushi has put in place a medical advisory board with expertise in clinical treatment of patients with cannabinoids and clinical research. In the interest of progressing a professional medical dialogue and educating as many physicians as possible on the use of medical cannabis as a therapeutic treatment for patients, Jushi has organized a team of physicians to educate, train and inform medical professionals on all aspects of cannabis as medicine.

Jushi has historically relied upon equity financings to satisfy its capital requirements and will require further equity and/or debt capital to finance its development, expansion and acquisition activities moving forward.

Growth Strategy

Jushi intends to implement its growth strategy by acquiring cannabis assets (through direct cash purchases, equity exchanges or loans), applying for de novo licenses, and/or providing management services to attractive target companies. When Jushi purchases existing operators, it will seek to improve and scale operations.

Jushi's approach to capital allocation is outlined in the illustration below:



To achieve its goals, Jushi's business strategy is to evaluate each market pursuant to the relevant local regulations to decide whether, and how, to allocate capital. In certain markets, Jushi may seek to apply a capital light or retail-focused strategy, especially where cultivation may be commoditized in future years (such as California). In early stage, vertical limited license markets (such as Virginia or New York), Jushi may seek to buy controlling interests despite the high level of capital intensity required, given the significant market opportunity. In addition, in other markets Jushi may seek a more balanced capital allocation approach where it may buy or franchise manufacturers and buy retail dispensaries, which Jushi contemplates in recreational markets such as Nevada and Oregon. By establishing a strong platform and brand recognition in the most influential markets, Jushi expects to be well-positioned to have a first mover advantage for future growth in adult-use cannabis once it is further legalized.

The legalization of cannabis throughout the U.S. continues to expand both recreationally and medically, and market size estimates continue to grow with 2019 market size estimates reaching US\$13.1 billion and 2022 estimates

topping US\$22.2 billion.¹ Jushi intends to participate in this growth, and expand further, both in currently approved adult use states as well as medical cannabis states that offer optionality on future adult use legislation.

Jushi plans a dual strategy of improving on local brands, through purchases of successful local operators, as well as plans to expand on the success of its adult use brand The Clinic and its medical brand Mend. Jushi may also issue securities in connection with its acquisitions.

Products and Services

Cultivation

Jushi plans to cultivate cannabis in a controlled environment utilizing state-of-the-art technologies to produce high quality products at competitive prices. Plants are expected to grow in a perpetual harvest where they will be separated into a vegetative state and a flowering state. Flowering plants can be harvested up to 5 ½ times per year per flowering section. Once the plant is harvested, it is dried and flowering buds are separated from the rest of the plant (collectively, the “**Biomass**”).

Manufacturing / Processing Facility

Once harvested, Jushi plans to transfer the Biomass to its manufacturing facilities during which the Biomass will be tracked through the applicable state cannabis tracking system. At the cannabis processing facility, the cannabinoids and terpenes are expected to be extracted from the Biomass using various solvents and/or non-solvent methods. The extracted cannabinoids and terpenes may then be refined for use in various end products in compliance with the laws in the applicable market. Following refinement and formulation the end products are expected to be packaged, labeled and transferred for sale to legal wholesale/retail channels.

Retail – Dispensaries

Jushi plans to operate a network of retail locations in select markets. Jushi has developed key indicators to identify attractive sites based on existing competition, population, real estate, parking, traffic and regulatory market attractiveness. Jushi intends to educate patients and consumers about its product offerings in a welcoming environment through one-on-one interactions with staff. Jushi expects to sell both in-house and third party products as determined by market demand and plan to provide consumers with an optimal retail experience.

Real Estate Strategy

Jushi is focused on entering cannabis markets with local or state-level license constraints combined with significant current or future market potential. With respect to retail locations, Jushi targets highly visible locations adjacent or near heavily trafficked roads. For cultivation, production and other forms of industrial activity, Jushi targets locations with immediate capabilities as well as future expansion potential. Jushi uses an internal team for the selection of real estate, as well as a broad network of real estate brokers. Jushi makes its determination to purchase or lease its underlying real estate on a case-by-case basis.

Product Selection and Offerings

Senior leaders from the business development, operations, finance, marketing and sales teams negotiate with potential brand vendors across all product categories including flower, vape pens, oils, extracts, edibles and pre-rolls to make product selection decisions. Leveraging managements’ years of experience in the longest-standing adult use market, Jushi analyzes market dynamics, product quality, P&L impact and consumer demand to carryout its long-term strategy in each market. With high-impact retail locations in key markets, Jushi expects to be a desirable partner for nationally scaling brands and or in-house products.

Jushi intends to sell both in-house branded and third party manufactured products through Jushi-owned and managed dispensaries as well as through other channels. In addition to branded and manufactured finished products, Jushi plans to sell bulk refined cannabinoids and terpenes to vendors for use in their own finished products, as its production capacity increases in certain markets. The full scale and allocation of production utilization will depend

¹ The State of Legal Marijuana Markets (6th Edition). Arcview Market Research and BDS Analytics.

upon the scale of Jushi-owned and managed retail footprint in addition to the production capacity of Jushi's cultivation and production facilities.

Jushi plans to offer a variety of products depending on market conditions, manufacturing capabilities and supplier relationships. Products include dry flower, vaporizer forms of cannabis, cannabis oil in capsule, oral and sublingual solutions, cannabis in topical products, cannabis edible products and other cannabis products.

It is Jushi's philosophy that the advancement of medical cannabis is best served from a rigorous, science-based approach. Jushi, under its Mend brand, has partnered with DENT Neurologic Institute to create a provider training institute where physicians, nurse practitioners and physician assistants from around the U.S. can train and treat actual patients with Mend products in clinic. Jushi aims to be a leader in the collection of medical cannabis patient treatment data. To effectuate this goal, Jushi has also invested resources into a data collection team and is actively in discussions with a number of clinical data collection platforms, both in and outside of the cannabis industry.

Product Lines and Brands

Sound Wellness plans to market a line of industrial hemp-derived CBD products under the Mend brand name. Jushi is striving to make Mend the U.S.'s premier brand of physician recommended CBD products.

The Mend line of CBD products, made from industrial hemp, are produced in accordance with FDA GMP standards, and will be certified non-genetically modified, vegan, and gluten free.

Industrial Hemp

Through its wholly-owned subsidiary, Sound Wellness, Jushi is engaged in the business of manufacturing consumer products derived from industrial hemp cultivation and the distribution of such products on a wholesale and consumer retail basis worldwide.

On January 24, 2019, Sound Wellness was awarded an Industrial Hemp CBD Processor License by the New York State Department of Agriculture and Markets. Under New York law, industrial hemp and products derived from industrial hemp are deemed agricultural products that may be grown, produced and possessed in the state, and sold, distributed, transported and processed either within or outside of the state by duly licensed individuals and entities. Hemp licensing is administered by the Department, who has general responsibility and authority to regulate industrial hemp, including production of hemp-derived CBD.

Operations

Sound Wellness plans to construct and operate a GMP certified industrial hemp processing, manufacturing and finished products within an approximately 62,000 square foot facility (the "**Buffalo Hemp Facility**"). The Buffalo Hemp Facility will be designed to include high-capacity, state-of-the-art solvents extraction capabilities. Refinement technology in the facility will allow for the creation of ultra-pure full-spectrum CBD, CBD distillate, CBD isolate, water soluble CBD and other innovative forms of hemp extract. The facility is expected to employ between 25 and 65 employees, based on its final size and scale. Industrial hemp for extraction at the Buffalo Hemp Facility is expected to be sourced both from New York State farmers licensed by the Department of Agriculture and Markets and, subject to applicable regulatory approvals, imported industrial hemp Biomass from around the U.S. Extracted crude-hemp oil is expected to be processed to create full-spectrum hemp oil, distillate, isolate and water soluble emulsions and nano-powders suitable for wholesale or finished products.

Sales and Distribution

Sound Wellness Holdings plans to sell its CBD products through a variety of channels, which include the following:

- **Company-Run Retail Locations:**
 - Medical Practice Based Retail – Sound Wellness Holdings is expected to open a retail location at DENT Neurology in Amherst, New York, which is the largest outpatient neurology practice in the U.S.

- Geographic Market Based Retail – Sound Wellness Holdings is also expected to open retail stores to sell Mend and other company brands of CBD products in key geographic markets around the U.S.
- **Mass Market Retail Distribution:** Sound Wellness is in the process of developing numerous relationships with mass market retailers for distribution and sale of its hemp-derived CBD products, including the Mend product line.
- **Cannabis Licensed Retail:** In jurisdictions where it is legally permissible, Sound Wellness Holdings plans to enter into agreements to sell hemp-derived CBD products through state licensed adult use and medical marijuana retail locations. This may include company-owned and managed retail locations, as well as third party licensed retail locations.
- **Wholesale:** Sound Wellness expects to sell its hemp extracts on the wholesale market to various players in the value chain.

Principal Markets

Jushi currently has operations in the states of New York. The principal markets where Jushi intends to sell its products include California, Pennsylvania, Virginia, Nevada, Ohio and New York, with plans to expand beyond those states.

Product Pricing

Jushi analyzes numerous variables ranging from market conditions to supplier leverage when determining product pricing and strategy for each market. Pricing in individual states as well as municipalities may vary depending on Jushi's overarching strategy for the market. In addition to Jushi's market strategy, management takes into consideration direct production costs and indirect costs as well as other applicable variables when determining product prices. Furthermore, pricing accounts for regulations and excises and sales taxes in markets where applicable.

Inventory Management

Jushi plans to develop a series of inventory management controls and procedures, which are expected to be compliant with the applicable state and local laws, regulations, ordinances, and other requirements. Inventory management controls incorporate internal software which is expected to be developed in conjunction with applicable compliance laws. Jushi plans to have its controls and procedures address a range of categories including product delivery, disposal/waste, contamination prevention, environmental and security. Jushi endeavors to make a positive impact in all markets it enters and is committed to delivering consumers a safe and high-quality product.

Intellectual Property

Jushi focuses on the cultivation, processing, distribution and retail sales of premium, high-grade cannabis products and hemp-based CBD products, as well as related branded products. Jushi takes a de-centralized branding approach to its business, where appropriate. In connection therewith, Jushi, through its subsidiaries, has U.S. trademark registrations for 'MEND,' 'REFINED KNOWLEDGE' and 'JUSHI' pending before the U.S. Patent and Trademark Office. Further, Jushi has entered into definitive agreements to own the 'THE CLINIC', 'THE LAB' AND 'THE BANK' trademarks, as well as, subject to certain limited exceptions, intellectual property derived from the operations of The Clinic Colorado, including standard operating procedures and manuals, anywhere in the world, other than Colorado and Illinois.

Employees

As of May 22, 2019, Jushi has 41 employees. Jushi seeks to attract, hire and promote the most qualified and diverse candidates for each position. Based on both acquisitions and hires, Jushi leverages experience from multiple individuals that have been in the regulated cannabis market over the past 10 years. Jushi draws upon this knowledge base and proven training program to develop and educate employees. With policies and procedures that have been rolled out in multiple markets, Jushi is able to ensure that these businesses will meet the operational expectations for

each market. Jushi seeks to ensure that staff are appropriately trained and ensure the safety and welfare of employees at Jushi facilities. Leveraging existing operations in legal adult use states, all new employees receive true hands-on training prior to starting in their new market. Setting the tone from the top, Jushi's executive team goes above and beyond to ensure that all individuals within Jushi are held to the highest standards, particularly with respect to compliance. To date, Jushi has had zero workplace injuries.

Competition

Jushi anticipates it will compete against other retail licensees across the various state markets that it operates in. In certain markets, such as California, many of Jushi's competitors are small local dispensaries; however, Jushi expects to compete against both large MSOs, as well as Canadian licensed producers, once cannabis is federally legal in the U.S. In addition, Jushi expects to compete against both third party and direct delivery services. Jushi minimizes its competitive risk in these markets by picking strategic locations, with defensible buffers naturally built in through local regulations and local dispensaries laws. With respect to cultivation and production, Jushi expects to compete with both MSOs and local operators in the states in which it operates. In California and Nevada, Jushi will compete with larger MSOs that may have access to public markets, more experienced management teams, or further along in terms of reaching scale. Jushi is positioning itself to minimize all of the above risks through accretive acquisitions, superior execution, and thoughtful location of retail and manufacturing sites.

Jushi's hemp operations touch all elements of the value chain: cultivation, processing and manufacturing, distribution and retail sales. With the passage of the 2018 Farm Bill, Jushi has seen companies in the agribusiness, alcohol and spirits, consumer products and cannabis sectors enter the industrial-hemp industry at various points in the value chain. Industrial hemp cultivation and processing currently have high barriers to entry as they are generally licensed activities which require state-level approval to conduct (i.e., the New York State CBD Processor license which Jushi recently was awarded). Jushi has seen, primarily, U.S. and Canadian cannabis enterprises enter the U.S. hemp market at the cultivation and processing levels. Thus, Jushi expects to compete directly against several large MSOs in the industrial-hemp growing and processing space, some of which have a higher market capitalization than Jushi, access to public equity markets or may be more mature as a business.

Other areas of the value chain have low barriers to entry and are reflective of a near free-market environment: distribution and retail sales. Jushi has seen a rapid growth in the number of enterprises retailing and distributing industrial hemp-derived cannabinoid products (particularly CBD) across the U.S. Across the retail segment, price, quality, branding and formulation of CBD products are all massively variable. Jushi believes the quality of its production methods and the brand equity and loyalty it intends to build, will serve as a strong differentiator against the significant number of entrants into the retail and distribution areas of the marketplace.

Cannabis Industry Background and Trends

U.S. Industry Background and Trends

In the U.S., the legal cannabis market has seen enormous growth over the past several years. A number of major events have occurred that significantly impact both the legal cannabis market and the global hemp industry. See "*Part II – Information Concerning Jushi – Narrative Description of the Business – Current U.S. Market.*"

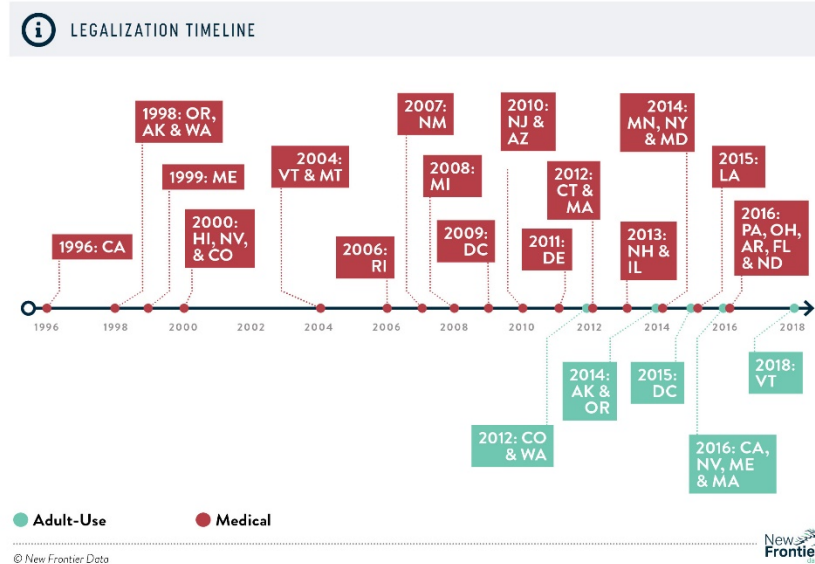
In 1996, California became the first U.S. state to legalize medicinal cannabis with the passage of Proposition 215. Since then, 32 more states, the District of Columbia, Guam, and Puerto Rico have passed similar bills.²

Additionally, as many state medical markets continue to mature, it is increasingly apparent that access to cannabis for medicinal purpose is benefitting patients.³ This issue has brought pressure on both state legislators and congress to ease restrictions on cannabis business at the state and federal level. Legislators have responded by filing more

² State Medical Marijuana Laws. (March 5, 2019). Retrieved from <http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx>.

³ National Academies of Sciences, Engineering, and Medicine (2017). *The health effects of cannabis and cannabinoids: Current state of evidence and recommendations for research*. Washington, DC: The National Academies Press.

than 1,265 cannabis related bills over the past 18 months.⁴ These include the Strengthening the Tenth Amendment Through Entrusting States Act (the “**STATES Act**”), “420” bill or “Regulate Marijuana Like Alcohol Act” and the reintroduction of the “Marijuana Justice Act”, a bill first introduced in 2017 by U.S. Senator Cory Booker, which now has the support of U.S. Senators Elizabeth Warren, Bernie Sanders, Kamala Harris and Kirsten Gillibrand.



Source: New Frontier Data, “State of the Cannabis Union 2019.”

The STATES Act would essentially allow each state to legalize cannabis without hindrance or threat from the federal government – a bill which the President has indicated he would “probably” sign it if passed by congress. The “420” bill would remove cannabis from the CSA list of Schedule 1 substances and allow cannabis to be treated like other medical or consumer products. The “Marijuana Justice Act” would decriminalize marijuana at the federal level and leverage federal funds to encourage states to legalize cannabis.⁵⁶⁷

Despite the fact there is currently no defined pathway to federal legalization of cannabis in the U.S., the adult use market has also continued to evolve. There are now ten (10) states and the District of Columbia that have legalized marijuana for adult use.⁸ California has become the number two legal market in the world and many other states are watching their neighbors find alternative sources of tax revenues to help them buffer shrinking surplus or bolster growing deficits. In 2019, New York Governor Andrew Cuomo presented an adult use cannabis plan alongside his fiscal budget proposal and Florida Governor Ron DeSantis has already indicated his displeasure with the current regulatory environment in the state and has urged the legislature to implement the will of the citizens in the state. There are currently bills filed in both the Senate and the House that would expand access and potentially increase the current number of license holders in the state.

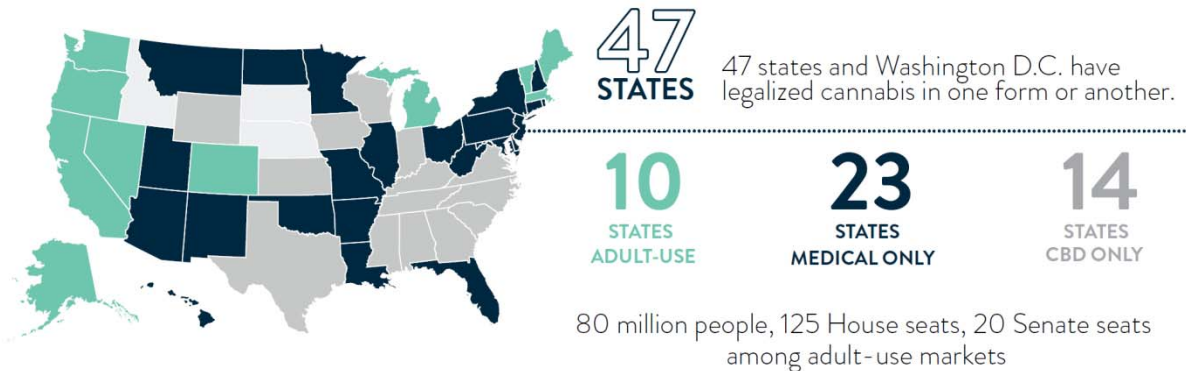
⁴ Washburn, Polly. (January 21, 2019). 2018 Was a Major Year for Cannabis Legislation and 2019 is Shaping Up to be much Bigger. Retrieved from <https://www.marijuanamoment.net/2018-was-a-major-year-for-cannabis-legislation-and-2019-is-shaping-up-to-be-much-bigger/>.

⁵ Adams, Mike. (January 14, 2019). Cannabis Advocates Will Learn Sooner Rather Than Later How Congress Will Handle Marijuana. Retrieved from <https://www.forbes.com/sites/mikeadams/2019/01/14/cannabis-advocates-will-learn-sooner-rather-than-later-how-congress-will-handle-marijuana/#3e18eaf77122>.

⁶ Legal Information Institute. 21 U.S. Code § 812. The CSA currently defines Schedule I drugs as, “drugs with no currently accepted medical use and a high potential for abuse.” Retrieved from <https://www.law.cornell.edu/uscode/text/21/812>.

⁷ Lopez, German. (March 5, 2019). Marijuana Legalization is Winning the 2020 Democratic Primaries. Retrieved from <https://www.vox.com/policy-and-politics/2019/3/5/18250374/marijuana-legalization-2020-president-campaign>

⁸ Marijuana Overview. Accessed March 2, 2019 <http://www.ncsl.org/research/civil-and-criminal-justice/marijuana-overview.aspx>.



Source: New Frontier Data, “State of the Cannabis Union 2019.”

While the above progress bodes well for the future of the cannabis industry, the rise of the industrial hemp industry in the U.S., made possible last year with the signing of the 2018 Farm Bill, presents an additional opportunity in the near term. Although federal legislation for hemp pilot projects at university research facilities became legal in 2015 with the 2014 Farm Bill, the passage and signing of the 2018 Farm Bill into law in December of last year ended 40 years of prohibition and will impact both the cannabis and hemp industries.

Several key elements of the 2018 Farm Bill could impact the industry:

- While legalized at the federal level, and will be regulated by the USDA and directed to formulate those regulations “as expeditiously as practicable,” the 2018 Farm Bill also allows each state or territory to submit hemp-growing regulation plans to the USDA – but provides no deadline for doing so which may contribute to regulatory uncertainty for farmers and companies that want to produce consumer products containing hemp-derived CBD oil;
- Federally legalizes the production of industrial hemp (defined as *cannabis sativa L.* plants containing less than three-tenths of a percent of THC);
- With hemp’s removal from the CSA and the separation of hemp and marijuana, the 2018 Farm Bill frees up investors and operators to move forward without the threat or business risks associated with the medical or adult use cannabis industry, opening access to:
 - Crop insurance to farmers and cultivators
 - Banking and financial services
 - No longer subject to 280E tax restrictions
- Opens the CBD market; and
 - The FDA statement immediately following the signing of the 2018 Farm Bill will need further clarification before the market is truly open to interstate commerce.⁹

⁹ U.S. Food & Drug Administration Statement. (December 20, 2018). “Additionally, it’s unlawful under the FD&C Act to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are hemp-derived. This is because both CBD and THC are active ingredients in FDA-approved drugs and were the subject of substantial clinical investigations before they were marketed as foods or dietary supplements. Under the FD&C Act, it’s illegal to introduce drug ingredients like these into the food supply, or to market them as

“It’s unlawful under the FD&C Act to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are hemp-derived.”

- Hemp regulation as a crop is transferred to the state level.¹⁰
 - This may cause temporary confusion in the market as states race to put legislation in place to address (there may be no legal path in several states to apply for and receive a license to grow hemp for the next several months).¹¹



Source: New Frontier Data. (2019). “*The Global State of Hemp*”, (2019 Industry Outlook), pp. 6.

Current U.S. Cannabis Market

The U.S. legal cannabis market continued to experience rapid growth in 2018 as more states voted to legalize cannabis in some capacity, bringing the total number of states with a regulated program to 33. Polling indicates that the majority of the American public is in support of cannabis legalization, regularly polling above 60% in favor of legalization with a +20-percentage point increase in support since 2010 alone.¹²

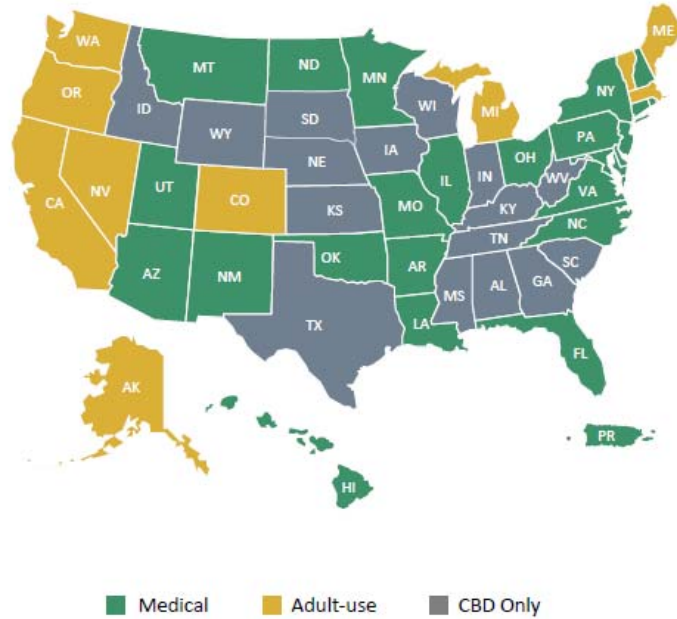
The following illustration identifies the current state of legalized cannabis across the U.S.:

dietary supplements. This is a requirement that we apply across the board to food products that contain substances that are active ingredients in any drug.” Retrieved from <https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm628988.htm>

¹⁰ Hemp Business Journal. (2019). “*The Global State of Hemp*”. (2019 Industry Outlook), pp. 15-19.

¹¹ Hemp Business Journal. (2019). “*The Global State of Hemp*”. (2019 Industry Outlook), pp. 15-19.

¹² McCarthy, Justin. (October 22, 2018). Two in Three Americans Now Support Legalizing Marijuana. Retrieved from <https://news.gallup.com/poll/243908/two-three-americans-support-legalizing-marijuana.aspx>.



Sources: Archview Market Research & BDS Analytics – *The State of Legal Marijuana Markets* (6th ed.) and Canaccord Genuity Capital Markets Cannabis Industry Update (January 30, 2019).

Additionally, several other key events occurred in 2018:

- California launched its adult use program on January 1;
- The 2018 Farm Bill was signed into law in December;
- Canada legalized adult use sales on October 17;
- Approval of Epidiolex™, the first cannabis-derived pharmaceutical drug approved by the FDA on September 27; and
- Adult use sales overtook medical sales.¹³

In 2018, legal sales (including both medical and adult use) for the U.S. cannabis market totaled approximately US\$10.5 billion and current industry growth projections are strong going into 2019 projected to total US\$13.1 billion projection of US\$21.7 billion by 2022.¹⁴

While the overall growth of the U.S. medical marijuana market is not expected to keep pace with the growth seen in the adult use market going forward, the medical cannabis space will remain an important driver of revenues for MSOs. As seen above, medical patient counts in the U.S. are projected to grow from 1.4 million to 1.7 million registered patients from 2018 to 2019, respectively.¹⁵ The medical market will likely remain strong overall, specifically in large markets such as Florida, New York, and Pennsylvania. Despite relatively low overall growth of the U.S. medical market (projected 5% CAGR from 2017-2022), there are sub-markets of growth within that the segment that are projected to outperform. The 13 markets in the chart below are forecasted to grow at 65% CAGR from US\$291 million in 2017 to US\$3.6 billion in 2022. Florida alone is projected to make up almost 50% of the spending in these 13 markets over the next few years.¹⁶

The economic impact of legal cannabis programs on tax revenues and job creation are key drivers to full legalization at a federal level.

¹³ Archview Market Research & BDS Analytics. (2019). *The State of Legal Marijuana Markets* (6th ed.), pp. 25.

¹⁴ Jefferies Equity Research. (2019). Initiating on cannabis: Long-term highs expected but not all at the party. Accessed on February 25, 2019.

¹⁵ Archview Market Research & BDS Analytics. (2019). *The State of Legal Marijuana Markets* (6th ed.), pp. 25.

¹⁶ Archview Market Research & BDS Analytics. (2019). *The State of Legal Marijuana Markets* (6th ed.), pp. 55-60.

California

With almost 40 million residents and the longest-running medical cannabis program in the country, California is the largest cannabis market in the U.S. California logged more than US\$2.2 billion in sales through state-licensed channels in the first 11 months of 2018. That number is expected to grow over time, as the illicit market shrinks with consumers migrating to fully legal retailers and wholesale prices trending downward. By the end of 2020, estimated retail sales for both medical and adult use cannabis are forecasted to reach US\$4.2 billion.¹⁷

The market is still very much developing, as legacy operators from the decades-old black market and the younger medical gray market continue to transition into the newly regulated system. That means that while competition for market share in California will be intense, there's also a tremendous pie to split, positioning well-funded multi-state cannabis operators to gain significant market share. During 2019, many insiders expect a high attrition rate, as undercapitalized businesses that obtained quick-and-easy permits in 2018 begin to fall by the wayside during the much stricter annual licensing process, which will be cost-prohibitive for many entrepreneurs.¹⁸

New York

New York is the fourth-most populous state in the country, home to almost 20 million people and projected to be one of the top three medical cannabis markets in the country. New York currently has 10 vertically integrated ROs¹⁹. As of July 2018, there were over 59,000 total patients in the state that have been certified to participate in the medical cannabis program and over 1,700 medical professionals registered in the state's medical marijuana program. New York's medical cannabis market is expected to become the largest medical cannabis market in the U.S. It is estimated that total medical sales will reach over US\$453 million in 2019, peaking at US\$547 million by 2021 and then declining to US\$542 million by 2022; which would make it the second largest medical cannabis market in U.S. by 2022.²⁰ Total projected sales, assuming adult use in place by 2020, will reach US\$1.5 billion by 2022.²¹

In January 2018, Governor Cuomo commissioned a study to assess the impact of a marijuana program in New York State. Based on the findings of that study, the Governor announced the creation of a regulated marijuana workgroup that set up a series of listening tours across 17 locations in the state.²²

Nevada

Nevada is a developed medical and adult use market. The City of Las Vegas is one of the most visited cities in the U.S. The city has approximately 60 million visitors annually and 3 million residents.²³ In the first eight months of fiscal year 2019,²⁴ total combined taxable sales for medical and adult use cannabis, and cannabis-related tangible goods totaled approximately US\$405 million, with the month of February 2019 totaling approximately US\$49 million.²⁵ Projected sales are expected to reach approximately US\$800 million by 2022.²⁶

Nevada became a medical marijuana state in 2001. In 2013, Nevada legislature passed SB374, providing for state licensing of medical marijuana establishments. On November 8, 2016, Nevada voters passed NRS 435D by ballot initiative allowing for the sale of marijuana for adult use starting on July 1, 2017. In early December 2018, the DOT issued an additional 61 conditional licenses for adult use retail marijuana stores. Those licensees have one year to receive local government approval and final sign-off from the DOT before opening their doors for business. Currently, there are 130 cultivators, 92 producers, and 65 dispensaries licensed and for adult use and fully operational in the entire state.²⁷

¹⁷ Cannabis Business Daily. (February 14, 2019). CALIFORNIA: One Year In.

¹⁸ Ibid.

¹⁹ New York State Department of Health. Retrieved from https://www.health.ny.gov/regulations/medical_marijuana/application/.

²⁰ Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.).

²¹ Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.).

²² New York State. Assessing Regulated Marijuana in New York. Retrieved from <https://www.ny.gov/programs/assessing-regulated-marijuana-new-york>.

²³ Las Vegas Convention and Visitors Authority. Retrieved from <https://www.lvcva.com/stats-and-facts/visitor-statistics/>.

²⁴ Nevada's fiscal year end for 2019 is June 30, 2019

²⁵ Nevada Department of Taxation. April 2019.

²⁶ Arcview Market Research and BDS Analytics (2019). The State of Legal Cannabis Markets.

²⁷ Nevada Department of Taxation. 2019.

Massachusetts

Massachusetts is a medical and adult use market. As of March 2019, the state's Medical Use of Marijuana Program had over 66,000 active patient certifications with over 59,000 total active patients and over 245 registered physicians. As of March 31, 2019, 49 registered marijuana dispensaries with their final certificate have been approved to sell and over 327,000 ounces of medical cannabis has been sold²⁸. It is estimated that 2018 medical sales reached US\$165 million.²⁹

In November 2018, following a five-month delay due to the lack of licensed independent testing laboratories, adult use sales commenced in Massachusetts. In the first four weeks of operations, sales reached nearly US\$9 million with only two stores operating during the bulk of the period (Northampton and Leicester).³⁰ Sales remain strong into 2019, reaching over US\$105 million for the period of January 1, 2019 through May 13, 2019.³¹

Adult use and medical sales are forecasted to reach over US\$1 billion by 2022. Massachusetts's market growth is expected to be driven by its location in the populous North-Eastern region of the country. Massachusetts alone has a population of 6.9 million and after factoring in the adjoining states of New York, Connecticut, Rhode Island and New Hampshire there is an additional market of 14.5 million people in the vicinity.³² Additionally, the state is the only North Eastern state to allow and have operational legal adult use cannabis retail stores, a trend that will continue until Maine and Vermont become operational.

Pennsylvania

Pennsylvania is the fifth-largest state in the country, home to nearly 13 million people and operates as a high barrier market with limited market participation.³³ Retail sales opened in February 2018 to a limited number of retail locations across the state. As of April 2019, more than 131,000 patients in the state have registered to participate in the medical cannabis program, more than 100,000 identification cards have been issued and approximately 1,500 physicians have registered to be certified, nearly 1,100 of whom have been approved as practitioners.³⁴ Pennsylvania's medical cannabis market is expected to become one of the largest markets in the U.S., and in the first year that the program was operational the state generated more than US\$132 million in total sales through nearly 600,000 dispensing events. It is estimated that medical sales will reach over US\$360 million by 2022.³⁵

In January 2019, Lieutenant Governor John Fetterman was joined by Governor Tom Wolf as he announced that he will be launching a statewide listening tour to hear from Pennsylvanians about the possibility of legalizing adult use cannabis.³⁶

Maryland

In May 2013, Maryland first legalized medical cannabis. However, the opening of the first dispensaries until December of 2017 due to revisions to the Maryland Medical Cannabis Law and a lengthy regulatory drafting process. The MMCC is empowered to regulate and oversee the medical cannabis program in Maryland. To date, the MMCC has pre-approved 102 medical cannabis dispensaries, but has only issued 77 final dispensary licenses. In addition, 15 growers and 18 processors have been licensed by the MMCC, while applications for up to 4 additional growers and 10 additional processors are being considered.

²⁸ Massachusetts Medical Use of Cannabis Program: External Dashboard. March 2019. Retrieved from <https://www.mass.gov/files/documents/2019/02/11/external-dashboard-January%202019.pdf>.

²⁹ Areview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.).

³⁰ Massachusetts Cannabis Control Commission Retail Cannabis Establishment Sales Data: 12/10/2018 – 12/16/2018. Retrieved from https://mass-cannabis-control.com/wp-content/uploads/2018/12/Sales-Data_-12.10.2018-12.16.2018.pdf

³¹ Massachusetts Cannabis Control Commission Retail Cannabis Establishment Sales data: 01/01/19 – 05/13/19. Retrieved from https://mass-cannabis-control.com/wp-content/uploads/2018/12/Sales-Data_-12.10.2018-12.16.2018.pdf.

³² U.S. Census Bureau. Population Estimate. July 1, 2018. Retrieved from <https://www.census.gov/quickfacts/fact/table/PA/PST045218>.

³³ U.S. Census Bureau. Population Estimate. July 1, 2018. Retrieved from <https://www.census.gov/quickfacts/fact/table/PA/PST045218>.

³⁴ Governor Tom Wolf's Office. February 15, 2019. First Year of Medical Marijuana Helps 83,000 Pennsylvanians. Retrieved from <https://www.governor.pa.gov/first-year-of-medical-marijuana-helps-83000-pennsylvanians/>.

³⁵ Areview Market Research & BDS Analytics – 2019 Update. The State of Legal Cannabis Markets (6th ed.).

³⁶ Governor Tom Wolf's Office Press Release. January 24, 2019. Lieutenant Governor Announces Statewide Recreational Marijuana Legalization Listening Tour. Retrieved from <https://www.governor.pa.gov/lieutenant-governor-announces-statewide-recreational-marijuana-legalization-listening-tour/>.

Maryland allows patients suffering from a wide variety of conditions to receive medical marijuana, creating a potentially large market. Moreover, to date over 650 healthcare providers have registered with the MMCC to be able to recommend cannabis to their patients.

The most recent session of the Maryland General Assembly, running from January to April of 2019, considered almost 20 additional bills relating to medical and recreational cannabis, including bills to legalize recreational cannabis. However, the General Assembly passed only two bills, the first of which authorizes the sale of edible medical cannabis products like brownies and chocolates, and further authorizes certain medical cannabis research. The second is an antitrust bill that, among other things, limits the number of dispensaries a single person can own to 4, and limits the number of grower and processor licenses that can be awarded to a single applicant. These bills were both recently signed into law by the state's Republican Governor. It is almost certain that a significant number of cannabis-related bills will be considered in the next session as well, including bills to legalize recreational cannabis.

Florida

Florida is the third-most populous state in the country, home to almost 22 million people and is one of the largest medical cannabis markets in the country. Florida currently has 22 vertically integrated license holders, of which only five were granted due to application score (merits) – the rest were issued as a result of litigation. The first dispensary opened its doors July 2016. As of May 17, 2019, there were 123 approved dispensing location. These locations are serving the 290,222 total patients in the state that have registered to participate in the medical cannabis program (220,320 active patients) and 2,263 qualified ordering physicians in the state.³⁷ Florida's medical cannabis market is expected to become the largest medical cannabis market in the U.S. It is estimated that medical sales will reach over US\$1.6 billion by 2022; which would make it the fourth largest cannabis market in world by 2022.³⁸

Illinois

On August 28, 2018, the Opioid Alternative Pilot Program (Public Act 100-1114) became effective. The Alternative to Opioids Act significantly expands the Illinois' medical cannabis market by enabling patients to access medical cannabis in place of pharmaceutical opioid medications. The Illinois Department of Public Health reports that there were more than 5.3 million prescriptions for opioid-based painkillers filled last year.³⁹

In November 2018, JB Pritzker was elected Governor of Illinois. During Governor Pritzker's inaugural address, shortly after taking the oath of office, he confirmed that he plans to "work with the legislature to legalize, tax and regulate the sale of adult use cannabis in Illinois."⁴⁰

In 2018, Illinois total retail sales by licensed medical cannabis dispensaries reached over US\$136 million and wholesale sales by cultivation centers totaled over US\$74 million. The 2018 retail sales represent a 58% year-over-year increase compared to 2017. As of April 30, 2019, total retail sales for 2019 reached US\$63 million and the Illinois Department of Public Health had approved 65,525 qualifying patients, an increase of approximately 29,400 patients since January 2018. The 42,000 unique patients served in January 2019 implies an average monthly spend per patient of over US\$435.⁴¹ It is expected medical sales will reach US\$400 million by 2022.⁴²

Ohio

With a population of over 11.6 million, Ohio is the seventh largest state in the country and centrally situated in the country. It is estimated that Ohio's medical market size will reach approximately US\$300 million by 2022.⁴³ As of

³⁷ Florida Office of Medical Marijuana Use. May 17, 2019. Retrieved from <https://www.governor.pa.gov/lieutenant-governor-announces-statewide-recreational-marijuana-legalization-listening-tour/>.

³⁸ Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.)

³⁹ WQAD News 8. New Law Expands Access to Medical Marijuana in Illinois to Curb Opioid Use. August 29, 2018. Retrieved from <https://wqad.com/2018/08/28/new-law-expands-access-to-medical-marijuana-in-illinois-to-curb-opioid-use/>.

⁴⁰ Washington Times. January 15, 2019. Illinois Governor Vows to Work Toward Marijuana Legalization in Inaugural Address. Retrieved from <https://www.washingtontimes.com/news/2019/jan/15/illinois-governor-vows-work-toward-marijuana-legal/>.

⁴¹ Illinois Medical Cannabis Pilot Program. May 8, 2019. MCPP Update. Retrieved from https://www2.illinois.gov/sites/mcpp/Pages/update05082019_mcpp.aspx.

⁴² Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.)

⁴³ Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.)

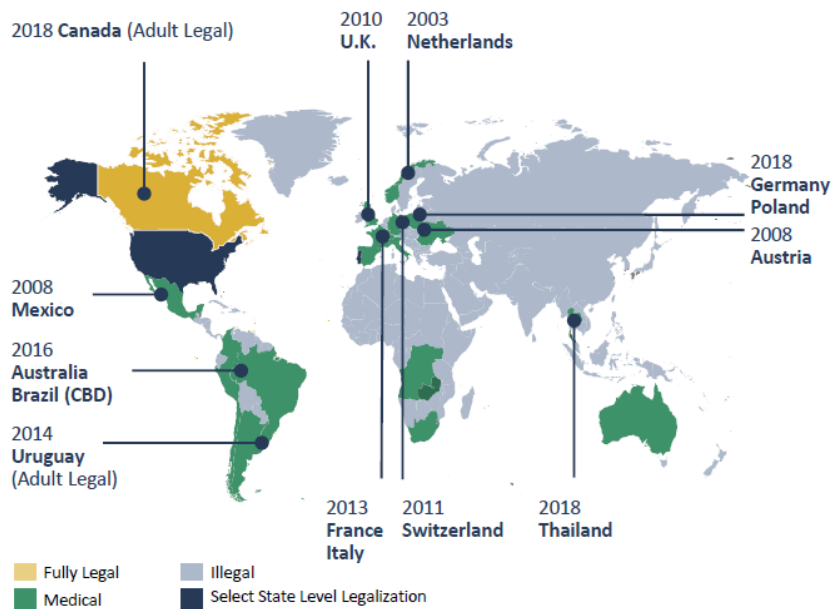
April 30, 2019, there were over 34,000 recommendations and 31,000 registered patients with recommendations.⁴⁴ With a broad list of eligible conditions, the state is expected to have robust medical market.

Virginia

Situated in mid-Atlantic region of the country, the state of Virginia has a population of over 8.5 million.⁴⁵ In March 2018, the governor of Virginia signed into law a bill expanding the allowable medical conditions to any diagnosed condition or disease, upon recommendation from any physician.⁴⁶ In early 2019, Senator Siobhan Dunnivant introduced SB1557, which would redefine allowed dosage limitations and formulations, expand patient access and reduce patient cost by adding nurse practitioners and physician assistants to the list of those authorized to issue written certifications to patients. Additionally, it would allow pharmaceutical processors to dispense medical cannabis preparations beyond the current definition of “oil” and in doses proven effective for the variety of disease processes for which doctors will recommend these therapies. Pharmacists at medical cannabis facilities would be allowed to compound creams, sprays, capsules, suppositories, lozenges, and other preparations typically dispensed at compounding pharmacies.⁴⁷ If successful the bill would greatly expand patient access and product forms, however this is highly conditional and subject to the bill being passed.

Other Relevant Cannabis Markets

The expansion of the legalized cannabis market internationally is illustrated in the map below:



Source: The Thailand National Legislative Assembly.

Europe

Approximately €500 million has now been invested into the European market, which has been focused on distributing cannabis-based medicines and cultivation licenses. Over the last twelve months, the European cannabis industry has grown more than it has in the last six years. Key markets like France, the United Kingdom and Spain

⁴⁴ Ohio Medical Marijuana Control Program. May 28, 2019. Program Update. Retrieved from <https://www.medicalmarijuana.ohio.gov/programupdate>.

⁴⁵ US Census Bureau. Population Estimate (2018).

⁴⁶ WKTR News 3. March 11, 2018. Ralph Northam Approves Groundbreaking Medical Marijuana Legislation. Retrieved from <https://wtkr.com/2018/03/11/ralph-northam-approves-groundbreaking-medical-marijuana-legislation/>.

⁴⁷ Virginia NORML. January 2019. Medical Cannabis Bills Unanimously Pass Virginia Senate. Retrieved from https://www.vanorml.org/2019_01_29.

are reviewing their current legislation while the industry leaders Germany, Portugal, Italy and The Netherlands focus on expanding existing medical programs.⁴⁸

Europe’s future cannabis industry is positioned for substantial growth, given the current high price of cannabis and relatively high usage rates. In mature markets, like North America, Prohibition Partners has noted an increase in adult use consumption following the legalization of the adult use market. In the mid to long-term, cannabis consumption could penetrate a far higher proportion of Europe’s population, particularly if used to treat mental health issues like anxiety and depression. Adult use cannabis legalization would drive the market forward if enacted. Large populations, extensive cannabis consumption and innovation across multiple verticals (such as food, beverages and wellness) would also add to a high market valuation.

Germany

Germany boasts the largest economy in Europe – a global leader across multiple industries and the forerunner of the European cannabis industry. Germany, Europe’s largest potential market, opened up in March 2017 with the introduction of new medical cannabis legislation and the creation of eleven production licenses. The system to allocate licenses was geared towards experienced international companies partnering or creating joint ventures with local companies.

Adult use is currently illegal in Germany, although punishments have become increasingly lenient in recent years as attitudes shift. While dwarfed by France, Germany’s industrial hemp production industry is in the top five in Europe and is expected to grow in 2018. The country is poised for further reform, including decriminalization, which was called for by the head of the police union in February 2018.

Portugal

Portugal, with a population of more than 10 million, represents another attractive market in Europe. It is part of the Eurozone, has a producer-friendly regulatory framework that encourages the establishment of domestic production, and features favorable labor costs. New Portuguese regulations enacted on January 15, 2019 permit the distribution of prescribed medical cannabis to Portuguese patients in addition to export to other European Union member countries where medical cannabis is currently legal.⁴⁹

U.S. Regulatory Environment

In accordance with the Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Filing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Filing Statement Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	<i>Part II – Information Concerning Jushi – General Development of the Business</i> <i>Part II – Information Concerning Jushi – Narrative Description of the Business</i>
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	<i>Cover Page (disclosure in bold typeface)</i> <i>Part II – Information Concerning Jushi – U.S. Regulatory Environment – Federal Regulatory Environment</i> <i>Part V – Risk Factors – Risks Related to Jushi and the Resulting Issuer</i>

⁴⁸ Prohibition Partners (2019). The European Cannabis Report™.

⁴⁹ Prohibition Partners (2019). The European Cannabis Report™.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Filing Statement Cross Reference
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	<p><i>Part II – Information Concerning Jushi – U.S. Regulatory Environment – Federal Regulatory Environment</i></p> <p><i>Part V – Risk Factors – Risk Related to Jushi and the Resulting Issuer</i></p>
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	<p><i>Cover Page (disclosure in bold typeface)</i></p> <p><i>Part V – Risk Factors – Risks Related to Jushi and the Resulting Issuer</i></p>
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	<p><i>Part V – Risk Factors – Risks Related to Jushi and the Resulting Issuer</i></p>
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	<p><i>Selected Consolidated Financial Information</i></p> <p><i>Appendices “C” and “D” to this Filing Statement.</i></p>
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	<p>In New York, Barclay Damon LLP has provided and continues to provide legal advice to Jushi regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law. Barclay Damon LLP provides such advice on an ongoing basis but has not provided Jushi with a formal legal opinion on such matters.</p> <p>In Colorado, Husch Blackwell LLP has provided and continues to provide legal advice to Jushi regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law. Husch Blackwell LLP provides such advice on an ongoing basis but has not provided Jushi with a formal legal opinion on such matters.</p>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Filing Statement Cross Reference
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	Not applicable.
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's license, business activities or operations.	Not applicable.
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	<i>Part II – Information Concerning Jushi – U.S. Regulatory Environment – State Regulatory Environment – New York</i> <i>Part II – Information Concerning Jushi – U.S. Regulatory Environment – State Regulatory Environment – Colorado</i>
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's license, business activities or operations.	<i>Part II – Information Concerning Jushi – U.S. Regulatory Environment – State Regulatory Environment – New York</i> <i>Part II – Information Concerning Jushi – U.S. Regulatory Environment – State Regulatory Environment – Colorado</i>
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	Not applicable.

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where Jushi is currently indirectly involved through its subsidiaries. Jushi is indirectly engaged in the manufacture, possession, use, sale or distribution of cannabis in the recreational and/or medicinal cannabis marketplace in the States of New York. In accordance with Staff Notice 51-352, Jushi will evaluate, monitor and

reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on Jushi's license, business activities or operations will be promptly disclosed by Jushi.

Federal Regulatory Environment

Under U.S. federal law, marijuana is classified as a Schedule I drug. The CSA has five different tiers or schedules. A Schedule I drug means the Drug Enforcement Agency considers it to have a high potential for abuse, no accepted medical treatment, and lack of accepted safety for the use of it even under medical supervision. Other Schedule I drugs include heroin, LSD and ecstasy. Jushi believes marijuana's categorization as a Schedule I drug 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. Nonetheless, marijuana has remained a Schedule I drug while 33 states have now legalized adult use and/or medical marijuana.

The prior U.S. administration sought to provide guidance to enforcement agencies and banking institutions with the introduction of the DOJ memorandum drafted by former Deputy Attorney General James Michael Cole released on August 29, 2013 (the "**Cole Memo**") and the FinCEN Guidance.

The Cole Memo offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The Cole Memo put forth eight prosecution priorities:

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 the 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.

On January 4, 2018, then U.S. Attorney General, Jeff Sessions, rescinded the Cole Memo and reintroduced an absence of prosecutorial guidance for enforcement agencies and the DOJ. Despite the rescission of the Cole Memo and the ambiguities created thereby, Jushi continues to prioritize its business to remain compliant with the Cole Memo, including by:

- Ensuring the operations of its subsidiaries, and third party license-holding entities where Jushi acts as an ancillary services provider, are compliant with all licensing requirements in connection with cannabis operations set forth by the state, county, municipality, township, borough, and other applicable political/administrative divisions;
- Narrowing activities relating to the cannabis businesses to the scope of the licensing issued (for example, in a state where only medical cannabis is permitted, cannabis products are only sold to patients holding the necessary valid documentation entitling the patient to the purchase and possession of such cannabis);

- Verifying the lawful age of all customers and patients to purchase cannabis products;
- Conducting commercially reasonable due diligence on third party cultivators and processors, including verification such third party is appropriately licensed to conduct business with Jushi and is compliant with inventory tracking and other state and local requirements; and
- Engaging appropriately experienced legal counsel to assist with the foregoing.

Due to the CSA categorization of marijuana as a Schedule I drug, U.S. federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the Bank Secrecy Act. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to account for the trend towards legalizing medical and adult use marijuana by U.S. states, FinCEN has issued the FinCEN Guidance advising prosecutors of money laundering and other financial crimes not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses, so long as that business is legal in their state and none of the federal enforcement priorities set forth in the Cole Memo are being violated (such as keeping marijuana away from minors and 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 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 this 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, the FinCEN Guidance states that a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Unlike the Cole Memo, the FinCEN Guidance remains effective as of the date of this Filing Statement. Nonetheless, many financial institutions remain fearful of being implicated in or prosecuted for money laundering, resulting in many marijuana businesses becoming "cash-only" businesses. As banks and other financial institutions in the U.S. are generally unwilling to risk a potential violation of federal law without guaranteed immunity from prosecution, most refuse to provide any kind of services to marijuana businesses. Despite the attempt by FinCEN to legitimize marijuana banking, the FinCEN Guidance has not resulted in banks providing marijuana businesses with banking services. Banks routinely close accounts servicing marijuana businesses and are refusing to open accounts for new marijuana businesses because, regardless of a cannabis business's operations in compliance with the Cole Memo or the FinCEN Guidance, the FinCEN Guidance does not provide banks with prosecutorial immunity.

The U.S. Department of Treasury, headed by Stephen Mnuchin, has publicly stated it was not informed in advance of the Attorney General Jeff Sessions' desire to rescind the Cole Memo, and the U.S. Department of Treasury does not desire to rescind the FinCEN Guidance.

Although the Cole Memo has been rescinded and the FinCEN Guidance is arguably ineffective, a key legislative safeguard for the medical cannabis industry has remained in place: Congress's adopted amendments to the fiscal years 2015, 2016, 2017, 2018 and 2019 Consolidated Appropriations Acts (commonly referred to as the "**Rohrabacher/Blumenauer Amendment**"), which prevents the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis companies operating in compliance with state and local law. While the Rohrabacher/Blumenauer Amendment has been consistently re-included in omnibus appropriation packages signed into law, there is no guarantee that it will be included in future omnibus appropriation packages.

In addition to the lack of certainty of the protections for medical cannabis businesses, there is generally no guarantee that the current or future presidential administrations will not change the policy around enforcement of U.S. federal laws against state-compliant cannabis businesses. Perceived protections around cannabis businesses, including the ones that Jushi operate, could suddenly change and enforcement of U.S. federal laws could occur zealously.

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

The following sections describe the legal and regulatory landscape in the states in which Jushi operates or has prioritized future operations in.

Despite Jushi's commitment to maintaining compliant operations consistent with state and local laws, for reasons described above, below and in "*Risk Factors*", there are significant risks associated with the business of Jushi, and readers are strongly encouraged to carefully read and understand all of the risk factors contained in this Filing Statement.

State Regulatory Environment

Jushi maintains material compliance with the rules, regulations and license requirements governing each state in which its subsidiaries operate. Nonetheless, there are significant risks associated with Jushi's business and the business of its subsidiaries. For the avoidance of doubt, the rules and regulations as outlined below are not a comprehensive representation of all the rules that the Jushi and its subsidiaries are required to follow in each applicable state.

Although each state has its own laws and regulations regarding the operation of cannabis businesses, certain of the laws and regulations are consistent across jurisdictions. As a general matter, to operate legally under state law, cannabis operators must obtain a license from the state and in certain states must also obtain local approval. In those states where local approval is required, local authorization may be a prerequisite to obtaining state licenses, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The license application process and license renewal process is unique to each state and local jurisdiction. However, generally each state's application process requires a comprehensive criminal history, regulatory history, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to ensure only good actors are granted licenses and that licensees continue to operate in compliance with the state's regulatory program.

License applicants for each state often 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.

As a condition of each state's licensure, operators must consent to 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 have already commenced both site-visits and compliance inspections for operators who have received state temporary or annual licensure.

Jushi and its subsidiaries plan to utilize a third party enterprise compliance platform, which facilitates a regulatory document control workflow for each state and issues alerts for time sensitive information requests for events such as license renewal an impending inspection. The software features a robust auditing system that allows for both internal as well as third party compliance auditing, covering all state, municipal, facility and operational requirements. The third party software facilitates the implementation and maintenance of compliant operations and tracks all required licensing maintenance criteria, which include countdown features and automatically generated reminders for initiating renewals and required reporting.

California

California Regulatory Landscape

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the 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 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 California overwhelmingly passed Proposition 64, the 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 the MAUCRSA, which amalgamates 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. MAUCRSA went into effect on January 1, 2018. The four agencies that regulate marijuana at the state level are the BCC, the California Department of Food and Agriculture, the California Department of Public Health, and the California Department of Tax and Fee Administration.

In order to legally operate a medical or adult use cannabis business in California, the operator must have both a local and state license. This requires licenseholders to operate in cities with marijuana licensing programs. Therefore, cities in California are allowed to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban marijuana.

California Licenses

Neither Jushi nor its subsidiaries currently hold medical or adult use cannabis business licenses in the state of California. Jushi, through its subsidiaries, has applied or currently intends to apply for approval by both state and local licensing authorities in California regarding changes of ownership or control of target operators, particularly in Southern California. Further, Jushi, through its subsidiaries, is an applicant for one of the to-be-issued "cannabis storefront retail businesses" in Culver City, California, one of the to-be-issued "cannabis retailer permits" in Pasadena, California, one of the to-be-issued "regulatory safety permits" in Imperial Beach, California, one of the to-be-issued "dispensary permits" in Marina, California, and one of the to-be-issued "retail storefront permits" in Stockton, California. There is no guarantee that any of these applications will be approved.

In California, state and local medical and/or adult use cannabis business licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by BCC. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, 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, Jushi plans to receive the applicable renewed license in the ordinary course of business. While Jushi's compliance controls are designed to mitigate the risk of any material violations of a license arising, there is no assurance that Jushi's licenses will be renewed in the future or in a timely manner. Any unexpected denials, or delays or costs associated with the licensing renewal process, could impede the ongoing or planned operations of Jushi and have a material adverse effect on Jushi's business, financial condition, results of operations or prospects.

License and Regulations

Adult use retailer licenses permit the sale of cannabis and cannabis products to any individual age 21 years of age or older who do not possess a physician's recommendation. If such licenses are issued to Jushi, it expects to be permitted to sell adult use cannabis and cannabis products to any domestic and international qualified customer, provided that the customer presents a valid government-issued photo identification. Jushi maintains an open, transparent and collaborative relationship with the BCC and local-level cannabis regulators.

The medicinal retailer licenses permit the sale of medicinal cannabis and cannabis products for use pursuant to the CUA, found at Section 11362.5 of the Health and Safety Code, by a medicinal cannabis patient in California who possesses a physician's recommendation. Only certified physicians may provide medicinal marijuana recommendations. Jushi maintains an open, transparent and collaborative relationship with the BCC and local-level cannabis regulators.

The adult use and medicinal cultivation licenses 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.

The adult use and medicinal distribution licenses permit cannabis related distribution activity which means the procurement, sale, and transportation of cannabis and cannabis products between licensed entities. Distribution activity is expected to be permissible to and from certain Jushi and non-Jushi licensees.

In the state of California, only cannabis that is grown in the state can be sold in the state. Although California is not a vertically integrated system, Jushi endeavors to become vertically integrated with the capabilities to cultivate, harvest, process and sell/dispense/deliver cannabis and cannabis products in the state of California. Once appropriately licensed, Jushi will be permitted to make wholesale purchases of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Reporting Requirements

The state of California has selected Franwell Inc.'s METRC solution ("**METRC**") as the state's track-and-trace ("**T&T**") system used to track commercial cannabis activity and movement across the distribution chain ("**Seed-to-sale**"). The METRC system is in the process of being implemented state-wide but has not been released. When operational, the system will allow for other third party system integration via application programming interface.

Operating Procedure Requirements

Applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with Seed-to-sale 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.

Compliance Procedures

Jushi and its subsidiaries do not currently have internal personnel monitoring its day-to-day activity as there are no active licenses or operations in California; however, should Jushi receive approvals from state and/or local licensing authorities in California regarding changes of ownership or control of target operators, particularly in Southern California, Jushi plans to enlist internal compliance personnel to monitor its day-to-day activities, to ensure that the established standard operating procedures are being followed. Jushi has retained Fox Rothschild LLP, as local outside counsel to monitor its compliance with U.S. state law and will continue to engage them to provide legal opinions and risk mitigation guidance regarding California's complex regulatory framework.

Site-Visits & Inspections

Applicants are not able to obtain or maintain state licensure and thus engage in commercial cannabis activities in the state of California, without satisfying and maintaining compliance with state and local law. As a condition of state licensure, operators must consent to random and unannounced inspections of the commercial cannabis facility as well as all of 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 has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licensure.

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, Jushi will be required to:

1. maintain a fully operational security alarm system;
2. contract for security guard services;
3. maintain a video surveillance system that records continuously 24 hours a day;
4. ensure that the facility's outdoor premises have sufficient lighting;
5. not dispense from its premises outside of permissible hours of operation;
6. store cannabis and cannabis product only in areas per the premises diagram submitted to the state of California during the licensing process;
7. store all cannabis and cannabis products in a secured, locked room or a vault;
8. report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and
9. 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.

Maryland

Maryland Regulatory Landscape

The MMCC grants medical cannabis grower, processor, dispensary, and transportation licenses. A licensee may hold a license in each category to obtain vertical integration, though this has become more challenging with the recent passage of a bill limiting the number of dispensaries, grower licenses and processor licenses that can be held by a single person or entity. The applicant must first seek pre-approval from the MMCC in order to be granted a license. As part of the pre-approval application, the applicant must submit information related to its operations, safety and security, medical cannabis professionalism, retail management factors, business and economic factors, and other additional factors that may apply.

Maryland Licenses

Neither Jushi nor its subsidiaries currently hold any medical cannabis business licenses in the state of Maryland. Jushi, through its subsidiaries, is an applicant for one of the to-be-issued “medical cannabis grower” and “medicinal cannabis processor” licenses in Maryland. There is no guarantee that any of these applications will be approved.

License and Regulations

In order to become a licensed medical cannabis grower or processor, each applicant must submit an application detailing the location of the proposed facility, the personal details of each principal officer or director, and operating procedures the applicant will use. All owners, members, shareholders, officers, and directors of the applicant holding a 5% or greater interest in the company must undergo a criminal and financial background checks. All employees, volunteers and personnel who will be working in the non-public areas are required to undergo background checks and register as an appropriately categorized agent with the MMCC.

Reporting Requirements

Once licensed, medical cannabis growers and processors are required to submit to the MMCC quarterly reports including, among other things: (i) a list of products offered during the previous quarter; and (ii) the cannabinoid content of each product. Medical cannabis growers and processors may not include any patient personal information in the quarterly report.

Maryland requires use of a seed-to-sale tracking system operated by METRC. Licensees must create and use a perpetual inventory control system that identifies and tracks the stock of medical cannabis. The applicant must describe how it will assure the integrity of the electronic manifest and inventory control system and that a cannabis transportation agent will continue the chain of custody to a dispensary agent.

The applicant must retain attendance records and ensure registered agents are trained on the record retention and standard operating procedure. MMCC regulators have the authority to audit the records of licensees to ensure they comport with the reporting in METRC.

Site-Visits & Inspections

Licensees must be inspected by the MMCC prior to receiving approval from the MMCC to be authorized to begin cultivation, processing, and/or dispensing. Licensees are eligible to apply to renew their license every two years during which time a full inspection of the facility is performed. Spot-inspections may be performed at the dispensary at any time and without advance notice.

Storage and Security

As part of the medical cannabis application, the applicant must provide information about the applicant’s operating procedures consistent with the oversight regulations established by the MMCC, including the following: (i) construction of the premises in a manner that prevents unauthorized entry; (ii) a security alarm system; (iii) a motion-activated video surveillance recording system; (iv) adequate security lighting; and (v) storage of all recordings of security video surveillance.

The applicant must also (A) describe how its registered agents on: (i) standard operating procedures; (ii) detection and prevention of medical cannabis diversion; (iii) security procedures; and (iv) safety procedures, including responding to (1) a medical emergency, (2) a fire, (3) a chemical spill, and (4) a threatening event such as an armed robbery, an invasion of the premises, a burglary, or any other criminal incident; and (B) retain training materials and attendance records and make the training materials available for inspection by the MMCC.

Following licensure, no major renovation or modification may be undertaken without notification to the MMCC.

Transportation

Only licensed medical cannabis growers, processors and authorized secure transportation companies may transport business-to-business packages containing medical cannabis. Dispensaries are not authorized to pick up medical cannabis products from licensed growers or processors. Owners and employees of secure transportation companies

must register as transportation agents with the MMCC by undergoing criminal and financial background checks, and they must carry identification cards evidencing that they hold current registration at all times while in possession of medical cannabis. Transportation agents must possess a current, valid driver's license and may not wear any clothing or symbols that indicate ownership or possession of medical cannabis while on duty. Medical cannabis transport vehicles must be approved by the MMCC and shall display current registration from the state, be insured, and may not display any sign or illustration related to medical cannabis or a licensee.

Electronic manifests must accompany all shipments to record the chain of custody and includes (i) the name and address of the shipping licensee; (ii) the shipping licensee's shipment identification number; (iii) the weight and description of each individual package that is part of the shipment, and the total number of individual packages; (iv) the name of the licensee agent that prepared the shipment; (v) the name and address of the receiving licensee; (vi) any special handling or storage instructions; (vii) the date and time the shipment was prepared; (viii) the date and time the package was placed in the secure transport vehicle; and (ix) a listing of any other people who had custody or control over the shipment, and the person's identity, circumstances, duration and disposition.

Compliance Procedures

Jushi and its subsidiaries do not currently have internal personnel monitoring its day-to-day activity as there are no active licenses or operations in Maryland; however, should Jushi receive approvals from state and/or local licensing authorities in Maryland regarding its applications, Jushi plans to enlist internal compliance personnel to monitor its day-to-day activities, to ensure that the established standard operating procedures are being followed. Jushi has retained Fox Rothschild LLP, as external counsel to ensure its compliance with applicable Maryland state law

Nevada

Nevada Regulatory Landscape

Medical marijuana use was legalized in Nevada by a ballot initiative in 2000. In November 2016, voters in Nevada passed an adult use marijuana measure to allow for the sale of adult use marijuana in the state. The first dispensaries to sell adult use marijuana began sales in July 2017. The DOT is the regulatory agency overseeing the medical and adult use cannabis programs. Similar to California, cities and counties in Nevada are allowed to determine the number of local marijuana licenses they will issue.

Nevada Licenses

Neither Jushi nor its subsidiaries currently hold medical or adult use cannabis business licenses in the state of Nevada. Jushi, through its subsidiaries, has applied or intends to apply for approval by both state and local licensing authorities in Nevada regarding changes of ownership or control of target operators, particularly in the city of North Las Vegas. Additionally, Jushi, through its subsidiaries, has applied to become a "marijuana support business" in the city of North Las Vegas. There is no guarantee that any of these applications will be approved.

All establishments subject to state licensing must register with DOT. If applications contain all required information and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by DOT of a medical marijuana establishment registration certificate is considered provisional until the local government has issued a business license for operation and the establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from DOT and include a renewal form. The renewal periods serve as an update for DOT on the licensee's status toward active licensure. Importantly, provisional licenses do not permit the operation of any commercial or medical cannabis activity. Only after a provisional licensee has gone through necessary state and local inspections, if applicable, and has received a final registration certificate from DOT may an entity engage in cannabis business operation.

License and Regulations

In the state of Nevada, only cannabis that is grown in the state can be sold in the state. Although Nevada is not a vertically integrated system, Jushi endeavors to become vertically integrated with the capabilities to cultivate,

harvest, process and sell/dispense/deliver cannabis and cannabis products in the state of Nevada. Once appropriately licensed, the state will allow Jushi to make wholesale purchases of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Retail dispensary licenses and registration certificates permit a license holder to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores and allows the sale of marijuana and marijuana products to consumers.

Medical cultivation licenses permit a license holder to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities. One must have a final medical registration certificate in order to apply for adult use status.

The medical product manufacturing license permits a license holder to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries. One must have a final medical registration certificate in order to apply for adult use status.

Reporting Requirements

The state of Nevada uses METRC as the state's computerized T&T system used to track commercial cannabis activity and movement across the distribution chain ("seed-to-sale"). Individual licensees whether, directly or through third party integration systems, are required to push data to the state to meet all reporting requirements. Jushi's chosen seed-to-sale system will capture the required data points for cultivation, manufacturing and retail as required in Nevada Revised Statutes section 453A and 453D.

Compliance Procedures

Jushi and its subsidiaries do not currently have internal personnel monitoring its day-to-day activity as there are no active licenses or operations in Nevada; however, should Jushi receive approvals from state and/or local licensing authorities in Nevada regarding changes of ownership or control of target operators, particularly in North Las Vegas, Jushi plans to enlist internal compliance personnel to monitor its day-to-day activities, to ensure that the established standard operating procedures are being followed. Jushi has retained Dickinson Wright PLLC, as external counsel to ensure its compliance with applicable Nevada state law.

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, Jushi will be required to do the following:

1. be an enclosed, locked facility;
2. have a single secure entrance;
3. train employees in security measures and controls, emergency response protocol, confidentiality requirements, safe handling of equipment, procedures for handling products, as well as the differences in strains, methods of consumption, methods of cultivation, methods of fertilization and methods for health monitoring;
4. install security equipment to deter and prevent unauthorized entrances, which includes:
 - a. devices that detect unauthorized intrusion which may include a signal system;
 - b. exterior lighting to facilitate surveillance;
 - c. electronic monitoring including, without limitation:
 - i. at least one call-up monitor that is 19 inches or more;

- ii. a video printer capable of immediately producing a clear still photo from any video camera image;
 - iii. video cameras with a recording resolution of at least 704 x 480 which provide coverage of all entrances to and exits from limited access areas and all entrances to and exits from the building and which can identify any activity occurring in or adjacent to the building;
 - iv. a video camera at each point-of-sale location which allows for the identification of any person who holds a valid registry identification card, including, without limitation, a designated primary caregiver, purchasing medical marijuana;
 - v. a video camera in each grow room that can identify any activity occurring within the grow room in low light conditions;
 - vi. a method for storing video recordings from the video cameras for at least 30 calendar days;
 - vii. a failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system;
 - viii. sufficient battery backup for video cameras and recording equipment to support at least five (5) minutes of recording in the event of a power outage; and
 - ix. a security alarm to alert local law enforcement of unauthorized breach of security; and
5. implement security procedures that:
- a. restrict access of the establishment to only those persons/employees authorized to be there;
 - b. deter and prevent theft;
 - c. provide identification (badge) for those persons/employees authorized to be in the establishment;
 - d. prevent loitering;
 - e. require and explain electronic monitoring; and
 - f. require and explain the use of automatic or electronic notification to alert local law enforcement of an unauthorized breach of security.

New York

New York Regulatory Landscape (Marijuana)

In 2014, the New York Legislature passed the CCA creating a comprehensive medical cannabis program. The CCA was signed by the Governor in July 2014 and codified in the State's Public Health Law. The DOH promulgated regulations enacting the legislation and also administers the medical cannabis program.

In its current form, the CCA and related regulations restrict patients qualified to use medical cannabis, practitioners authorized to recommend medical cannabis, permissible forms of medical cannabis and the number of medical cannabis producers. Currently, ten (10) companies, or ROs, are licensed to cultivate, manufacture and dispense medical cannabis in New York. Each RO must be fully vertically integrated and may operate a cultivation/manufacturing facility and four dispensing facilities under a single license. The first five (5) ROs were authorized in late July 2015 and were operational in early January 2016. An additional five (5) ROs were authorized in mid-2017.

License and Regulations (Marijuana)

In New York, all medical cannabis must be grown, manufactured and dispensed by an RO. ROs may be for-profit or not-for-profit entities, but in either case, must be organized for the purpose of acquiring, possessing, manufacturing, selling, delivering, transporting, distributing or dispensing marijuana for a certified medical use.

Each RO must be vertically integrated and may operate a cultivation/manufacturing facility and four dispensaries.⁵⁰ Cultivation, manufacturing and dispensing are restricted to indoor, enclosed and secure facilities within the State, which may include greenhouses, but no medical cannabis may be dispensed from a cultivation or manufacturing facility.⁵¹ Every RO is required to contract with a certified independent laboratory for analytical testing of all medical cannabis products⁵² and to enter into an agreement with a labor union agreeing that it will not oppose unionization of its workforce.

ROs are only allowed to sell approved products, which consist of approved brands⁵³ in approved administration forms.⁵⁴ ROs may only sell approved products: (i) at their owned and operated dispensaries, or (ii) by delivering such products to patient's homes pursuant to a DOH-approved delivery plan. Over the last twelve (12) to fifteen (15) months, New York has slowly started allowing ROs to wholesale to one another. While the CRTA retains the CCA's vertical integration mandate for ROs, it does contemplate both a continued and expanded wholesale practice among ROs. Under the CCA, DOH sets product prices for each RO on an individual basis taking into consideration actual costs. The agency also strictly regulates all forms of marketing.

Licenses are valid for two years. DOH is required to grant renewal licenses unless it determines that an RO would: (i) be unlikely to maintain or be able to maintain effective controls against diversion; (ii) be unlikely to comply with all State laws applicable to the activities in which it may engage as an RO; (iii) not be in the public interest to renew the license because the number of ROs is excessive; or (iv) the RO violated or terminated its labor peace agreement.

Compliance Procedures

Jushi and its subsidiaries do not currently have any internal personnel monitoring its day-to-day activity as there are no active cannabis licenses or operations in New York; however, should Jushi receive approvals from state and/or local licensing authorities in New York regarding changes of ownership or control of target operators, Jushi plans to enlist internal compliance personnel to monitor its day-to-day activities, to ensure that the established standard operating procedures are being followed. Jushi has retained, as local outside counsel Barclay Damon, LLP to monitor its compliance with U.S. state law and will continue to engage them to provide legal opinions and risk mitigation guidance regarding New York's complex regulatory framework.

Reporting Requirements

Every RO is required to track medical cannabis on a seed-to-sale basis using State-provided BioTrack THC software and to separately enter each sale into the State Prescription Monitoring Program. Additional reporting at the discretion of DOH may also be required.

Storage and Security

New York State has imposed stringent standards for cannabis storage and security to maintain controls against the diversion, theft and loss of cannabis and cannabis products. Such requirements include:

1. facility security system with backup alarm system;
2. illuminated perimeter and installation and maintenance of a perimeter alarm;
3. installation and maintenance of motion detectors;

⁵⁰ It is possible under the CCA for a RO to operate more than one cultivation and manufacturing facility or to perform cultivation and manufacturing in separate facilities.

⁵¹ Dispensing from a cultivation or manufacturing facility would be permissible under the CRTA.

⁵² Currently, there are no certified laboratories in New York State. Consequently, all analysis must be performed at the DOH Wadsworth Laboratory.

⁵³ Each RO may produce up to five (5) brands, each of which may be produced in multiple administration forms. At a minimum, each RO must have a high CBD-low THC brand and a brand with approximately equal amounts of THC and CBD.

⁵⁴ The following administration forms are permissible in New York: metered liquid or oil preparations; solid and semisolid preparations (e.g. capsules, chewable and effervescent tablets, lozenges); metered ground plant preparations; and topical forms and transdermal patches; medical marijuana may not be incorporated into food products without special approval and no smoking is permitted).

4. installation and maintenance of video cameras in all areas that may contain cannabis and at all points of sale, entry and exit from all facilities with 24-hour recording;
5. installation and maintenance of a duress alarm;
6. installation and maintenance of a holdup alarm;
7. installation and maintenance of an automatic voice or digital dialer;
8. a failure notification system for each facility's security system;
9. ability to immediately produce clear color photos from any video camera or export of still image in industry standard digital format;
10. a date and time stamp on all recordings;
11. ability to remain operational during a power outage;
12. installation of safes and vaults (facility dependent specifications); and
13. detailed security measures plan (including, but not limited to, access restrictions by facility to essential employees; inventory management protocols; visitor reporting and identification; coordination with law enforcement).

New York Regulatory Landscape (Industrial Hemp)

In December 2014, New York State enacted legislation authorizing a research-based industrial hemp program pursuant to authority granted in the U.S. Agricultural Act of 2014. In 2015, the State launched the Industrial Hemp Agricultural Research Pilot Program. The Program is regulated by the DA&M.

Initially, New York allowed a limited number of educational institutions to grow industrial hemp and conduct hemp-related research. In July 2017, the State eliminated a strict cap on the number of sites authorized to participate in the Program, expanded Program eligibility to include farmers and other private-sector businesses, and established industrial hemp as an agricultural commodity under New York law.

New York's industrial hemp law and associated regulations have not kept pace with practical Program developments, including those described above. Rather than amend the law or engaging in rulemaking, regulation of hemp licensees is largely effectuated through compulsory RPAs between licensees and the State.

New York License

Neither Jushi nor its subsidiaries are currently authorized as an RO in New York State or hold any licenses issued under the CCA.

In December 2018, the State opened an application period for "hemp cannabis," or industrial hemp grown and processed for cannabinoid content, and particularly for CBD. Jushi, through its subsidiary Sound Wellness, applied for a New York hemp cannabis processor license during this application period. DA&M approved the application and granted Sound Wellness a hemp processor license in January 2019 (the "**Hemp Processor License**"). No additional or supplemental licensing is required for Sound Wellness to operate pursuant to the authority granted in its Hemp Processor License. To date, Sound Wellness has not commenced operations.

The Hemp Processor License will remain in force for a three-year period. New York is in the process of consolidating and restructuring its cannabis laws and regulations, including those governing hemp cannabis. The precise parameters of the renewal procedure have not yet been determined. At this time, Jushi has no reason to believe that the current standards for renewal, which focus on timely submission of complete application materials and regulatory compliance, will materially change. In this respect, Jushi would expect Sound Wellness's Hemp Processor License to be renewed in the ordinary course of business. While Jushi's compliance controls are designed to mitigate the risk of any material violations of a license arising, there is no assurance that the license will be renewed in a timely manner at any point in the future. Any unexpected denial, delay or cost associated with the

licensing renewal process could impede the ongoing or planned operations of Sound Wellness, which may have a material adverse effect on Jushi's business, financial condition, results of operation or prospects.

License and Regulations (Industrial Hemp)

Under New York law and the Hemp Processor License, Sound Wellness has authority to produce, possess, transport, sell and distribute hemp cannabis and products derived therefrom, including CBD, either within or outside New York State to the full extent described in the company's Hemp Processor License application.

Sound Wellness is specifically authorized to extract CBD from industrial hemp biomass, and to manufacture and sell a number of dietary supplement-grade consumer products, including: tinctures, soft gels, lotions, transdermal patches, dissolving films, dissolving tablets, dissolving powders and sports drinks (each at various strengths).

The RPA between Sound Wellness and the State requires Sound Wellness to source industrial hemp from licensed New York industrial hemp growers to the extent practicable. To this end, Sound Wellness has purchased existing New York-grown industrial hemp biomass and is actively negotiating an agreement to secure New York biomass produced during the 2019 growing season.

Once Sound Wellness is operational and takes possession of industrial hemp biomass, it will have a continuing obligation to ensure any biomass in its possession has a concentration of 0.3 percent THC or less, and to destroy any biomass testing in excess of that threshold.

Prior to selling any industrial hemp or CBD product, Sound Wellness must demonstrate to DA&M, through third party certification, that its manufacturing processes conform to GMP standards at the dietary supplement level and test products by lot for cannabinoid profile, solvents, pesticides, heavy metals, bacteria and molds.

As a condition of the Hemp Processor License, Sound Wellness must permit on-site inspection of any and all facilities by the State at any time, with or without notice, and allow the State to sample industrial hemp biomass or any products derived therefrom. Any industrial hemp biomass or product that fails to meet testing requirements must be destroyed. If such failure is discovered by Sound Wellness, Sound Wellness will have an obligation to self-report to DA&M and to destroy the biomass or product at issue. If the failure is discovered by the State, the State may seize, destroy or order Sound Wellness to destroy the biomass or product at issue.

Reporting Requirements (Industrial Hemp)

New York does not require any formal, real-time tracking for compliance, inventory management or for any other purpose beyond what is necessary to obtain and maintain GMP certification. However, licensees are required to create and maintain records on-site setting forth accurate inventory levels, THC testing results, all industrial hemp biomass/related product transactions and disposals. Such records must be available for inspection at all times.

Pursuant to New York law and regulation, Sound Wellness timely notified law enforcement units with jurisdiction in the area of its processing plant within fifteen (15) after its Hemp Processor License was issued. Thereafter Sound Wellness timely notified DA&M that such notification was made.

Under the RPA, Sound Wellness will be required to report transactions involving industrial hemp and products derived therefrom three months after issuance of the Hemp Processor License. Thereafter, the company will be required to file annual reports summarizing the results of its research (described below) and disclose data respecting the sale, distribution, transportation and processing of industrial hemp and industrial hemp products, including, for example, the variety(ies) of hemp used in processing, the amount of hemp acquired and processed, the disposition and use of hemp and the economic viability of the operation.

Because New York's hemp law was enacted pursuant to authority granted in the 2014 Farm Bill, research remains central to the Program and licensees are required to conduct research as a condition of licensure. To that end, Sound Wellness proposed the following two (2) research objectives upon which it must report on an annual basis during the term of its license:

Processing – Sound Wellness will research the extraction and refinement of hemp-derived cannabinoids to better understand how to create compounds with higher yields of specific cannabinoids. Specifically,

[Sound Wellness] will assess how traditional plant extraction (e.g. fruit extracts) compares to industrial hemp extraction in terms of yield, cost and throughput times.

Product Shelf Life – Sound Wellness will research the stable shelf life of hemp-derived CBD products in a medium chain triglyceride oil. Currently there is little data on how long industrial hemp extracts are shelf-stable and what rate the CBD content of such extracts degrades over time and through exposure to ambient light.

Under the RPA, the State has a perpetual, royalty-free, non-exclusive and irrevocable right to reproduce, publish or otherwise use, and to authorize others to use, data and material Sound Wellness is required to report to DA&M and, the results and accomplishments Sound Wellness achieves in connection with its research and as otherwise described above. However, all right, title and interest to any intellectual property developed by Sound Wellness in the course of its operations vests exclusively in Sound Wellness.

Compliance Procedures

In New York, Jushi enlists its internal compliance personnel, whose responsibilities include monitoring the day-to-day activities of its hemp processor, Sound Wellness, ensuring that the established standard operating procedures are being followed, identifying any non-compliance matters and putting into place the necessary modifications to ensure that the established standard operating procedures are being followed. Jushi has retained Barclay Damon, LLP, as external counsel to ensure its compliance with applicable New York state law.

Storage and Security (Industrial Hemp)

Under DA&M regulations, industrial hemp and industrial hemp products may only be possessed by properly authorized persons (whether individuals or business entities) at a registered premises. For Program purposes, a “registered premises” is any facility, location or property owned, leased or licensed, and both: (i) under the control of a license holder, and (ii) certified as a site where industrial hemp may be grown, cultivated, harvested, stored, studied or disposed of. Access to a registered premises must be restricted to authorized persons.

Industrial hemp may only be transported in an enclosed, locked compartment of a truck or van where it cannot be seen from the outside of the vehicle. The contents of the vehicle cannot be disclosed [to the public] and the driver must be approved by the licensee to transport industrial hemp and their identity must be disclosed to DA&M.

Signs around registered premises must be posted and must state, in readily observable block letters:

NO TRESPASSING. FACILITY CONTAINS INDUSTRIAL HEMP.
UNAUTHORIZED POSSESSION OF INDUSTRIAL HEMP IS SUBJECT TO
PROSECUTION PURSUANT TO ARTICLE 220 OF THE PENAL LAW.

Other equipment, including, by example, fencing reasonably designed to prevent unauthorized persons from entering a registered premises or having their presence in a registered premises undetected is suggested but not required. No additional security measures are mandated, except that licensees must certify that they will take steps to ensure that industrial hemp and hemp derived products will not be acquired, possessed, grown, cultivated, harvested, stored, transported, distributed or disposed or except under conditions that ensure it will not be possessed or used in violation of RPA requirements.

Sound Wellness will fully satisfy the foregoing security requirements and will operate in accordance with the Security Measures Plan approved by DA&M. The Security Measures Plan provides, among other things, that the processing plant will have perimeter fencing with an access-controlled security gate and required signage, all building entrances/exits will be access controlled, all interior doors will be access controlled, the building will be equipped with security systems, video surveillance will be installed, primary and backup communications will be available and employees will receive security training.

Currently, no security measures apply to finished or marketable products containing industrial hemp.

Non-Compliance with State and Local Cannabis Laws

As of the date hereof, Jushi has not received any notices of non-compliance with state and local cannabis laws, as it is not yet operating and selling cannabis under those laws. However, common incidences in the industry of non-compliance with applicable rules and regulations may include:

- a minor inventory discrepancy with regulatory reporting software;
- a missing field in a regulatory report;
- equipment not stored properly;
- updated staffing plan not immediately available on site;
- improper signage;
- labels out of compliance with most recent regulatory guidelines;
- partial obstruction of camera views; and
- onsite surveillance room used for any other function (e.g., storage).

In addition, either on an inspection basis or in response to complaints, such as from neighboring property tenants, customers or former employees, state or local regulators may among other things issue “show cause” letters, give warnings to, or cite Jushi or one of its subsidiaries for violations, including those listed above. Such regulatory actions could lead to the requirement to remedy the situation, or, in more serious cases, to penalties, suspensions or revocations of licenses or could otherwise have an impact on Jushi’s or its affiliates’ licenses, business activities or operations. After becoming operational, Jushi intends to implement regular compliance reviews to seek to ensure compliance with applicable state and local cannabis rules and regulations.

Jushi intends to cause all of its operations to promptly remedy any known occurrences of non-compliance with applicable state and local cannabis rules and regulations.

Description of Securities

Securities

Jushi Capital Shares

Jushi is authorized to issue 400,000,000 Jushi Shares. As of the date hereof, 21,000,000 Class A Shares, 54,044,282 Class B Shares, 25,812,500 Class A Warrants and 32,530,013 Class B Warrants were issued and outstanding as fully paid and non-assessable. Holders of Jushi Shares are entitled to one vote per share at the meetings of Jushi Shareholders, dividends if, as and when declared by the Jushi Board, and upon liquidation, to share equally in the assets of Jushi that are distributable to Jushi Shareholders.

To date, Jushi has neither declared nor paid any dividends, nor does it anticipate that dividends will be declared or paid in the foreseeable future. Rather, Jushi intends to retain any earnings to finance its future growth and development. Any future payment of cash dividends will be dependent upon, amongst other things, Jushi’s future earnings, financial condition, capital requirements and such other factors as the Jushi Board may deem relevant at that time.

Consolidated Capitalization

Designation of Security	Amount Authorized	Amount outstanding as of the Filing Statement Date (prior to giving effect to the closing of the Business Combination) ⁽¹⁾
Class A Shares	200,000,000	21,000,000
Class B Shares	200,000,000	54,044,282
Class A Warrants		25,812,500
Class B Warrants		32,530,014

Notes:

- (1) In addition to the above Class A and B Shares and Warrants, there are 2,796,152 Options that have accelerated vesting prior to the Business Combination and an additional 7,783,000 unvested Options and 3,120,000 unvested shares of restricted stock under the Equity Incentive Plan.

Prior Sales

Jushi Securities

Jushi has issued the following securities since incorporation on January 23, 2018 to the Filing Statement Date:

Date	Number and Type of Securities	Issue Price US\$	Aggregate Issue Price US\$
June 5, 2019	24,800,098 Subscription Receipts ⁽¹⁾	\$2.75 per Subscription Receipt	\$68,200,269.50
March 2019	8,080,000 Class B Units ⁽²⁾	\$2.00 per Class B Unit	\$16,160,000
October 2018	2,000,000 Class B Units	\$1.50 per Class B Unit	\$3,000,000
June 2018	13,194,281 Class B Units	\$1.35 per Class B Unit	\$17,812,279
April 2018	22,000,000 Class B Units	\$1.00 per Class B Unit	\$22,000,000
February 2018	21,000,000 Class A Units ⁽³⁾	\$0.50 per Class A Unit	\$10,500,000

Notes:

- (1) Subscription Receipts will be issued by Jushi Acquisition Corp. and converted into Subordinate Voting Shares upon the closing of the Business Combination. See “*Part III – The Business Combination – Subscription Receipt Offering*”.
- (2) Each Class B Unit consists of one Class B Share and one half of a warrant.
- (3) Each Class A Unit consists of one Class A Share and a full warrant.

Stock Exchange Price

The securities of Jushi are not currently listed for public trading.

Executive Compensation

On the closing of the Business Combination, the executive compensation that Jushi intends to provide as the Resulting Issuer is disclosed under the heading “*Part IV – Information Concerning the Resulting Issuer – Executive Compensation*”.

Legal Proceedings

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

Other than the civil disputes described below, to Jushi’s knowledge, there are no legal proceedings or regulatory actions to which Jushi is a party, or has been a party to, or of which any of its property is or was the subject matter of, and no such proceedings or actions are known by Jushi to be contemplated.

Jushi is a majority member of TGS National, which controls TGS. TGS, a franchisor, is a plaintiff-appellant in a lawsuit against SFN, as assignee of Florida Compassionate Growers, LLC that is currently on appeal in Colorado state court. That action arises primarily out of the TGS’s 2018 exercise of a contractual right of first refusal to purchase SFN, its franchisee, following SFN entering into a letter of intent to sell its franchise to a third party. The state court lawsuit sought equitable relief. The state trial court dismissed the lawsuit without reaching the merits. Based on a contractual provision entitling a prevailing party to attorneys’ fees and costs, the trial court also ordered TGS to pay SFN US\$211,781.40 in combined attorney’s fees and costs. TGS has appealed both the dismissal and the award of attorney’s fees and costs. Jushi is pursuing this matter vigorously.

TGS is also a claimant in an arbitration action against SFN pending before the AAA. In 2018, SFN terminated the franchise agreements between it and TGS. SFN then sold its business to a third party. TGS contends the termination and transfer were wrongful and in late 2018 initiated arbitration seeking to recover its monetary damages. Jushi is pursuing this matter vigorously.

In addition, Jushi sought a civil injunction in New York state court, which was dismissed last year.

Auditor

The auditor of Jushi is MGO at their Los Angeles offices located at 700 South Flower Street, Suite 800, Los Angeles, California 90017.

Material Contracts

During the course of the two years prior to the Filing Statement Date, Jushi has entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- (a) the Definitive Agreement;
- (b) an equity interest purchase agreement between Jushi and TGS National dated February 13, 2018;
- (c) a data purchase agreement between Jushi and Laszlo Mechtler Consulting, LLC dated November 6, 2018;
- (d) a commercial lease agreement between JMGT, LLC and Erich Mauff dated January 1, 2019;
- (e) an Industrial Hemp Processor Registration issued by the New York State Department of Agriculture and Markets dated March 9, 2019;
- (f) a OEMS service agreement between Jushi and One East Capital Advisors LP dated July 20, 2018 (and amended April 17, 2019); and
- (g) a membership interest purchase and sales agreement between Jushi and Medicinal Excellence for Neurological Disorders, LLC dated November 1, 2018.

PART III THE BUSINESS COMBINATION

Prior to the closing of the Business Combination, Tanzania will take the necessary steps to give effect to the Name Change, the Consolidation and the Amendment. Implementation of the Business Combination is subject to receipt of all requisite regulatory approvals, shareholder approvals and third party consents and other customary conditions.

The principal steps of the Business Combination are as follows:

- (i) Jushi Acquisition Corp. will complete the SR Offering for gross proceeds of approximately US\$68,200,270;
- (ii) Tanzania will delist from the NEX and complete the Name Change, the Consolidation and the Amendment;
- (iii) the Subscription Receipts will be exchanged for their underlying Jushi Acquisition Shares, the Escrowed Funds will be released from escrow to Jushi Acquisition Corp., the former holders of Subscription Receipts (as holders of Jushi Acquisition Shares) will exchange their Jushi Acquisition Shares for Subordinate Voting Shares, and Jushi Acquisition Corp. will amalgamate with Tanzania Sub pursuant to the provisions of the BCBCA to form Amalco, which will be wholly-owned by Tanzania and will subsequently be dissolved;
- (iv) Canadian resident shareholders of Jushi will have the ability to elect to transfer their shares of Jushi to Tanzania in exchange for Subordinate Voting Shares; and

- (v) Jushi and Jushi Merger Sub will merge, pursuant to which shareholders of Jushi other than the Founders of Jushi will be issued Subordinate Voting Shares or Multiple Voting Shares (as determined by Jushi), the Founders will be issued Super Voting Shares and Jushi will become a wholly-owned subsidiary of Tanzania, resulting in Tanzania owning 100% of the Jushi Shares.

It is a condition precedent to the completion of the Business Combination that Tanzania have outstanding no more than the number of Tanzania Shares determined by dividing \$2,660,000 million by the SR Offering Price (converted to U.S. dollars). To meet this requirement, it will be necessary for Tanzania to consolidate the Tanzania Shares. The directors of Tanzania have approved the Consolidation of all of the Tanzania Shares on the basis of one consolidated Tanzania Share for 22.75711 existing Tanzania Shares. The Tanzania Shares will be subsequently re-designated as Subordinate Voting Shares following the Consolidation and the Amendment.

The Definitive Agreement

The following description of the material terms and conditions of the Definitive Agreement is a summary only and is qualified in its entirety by reference to the terms of the Definitive Agreement. The full text of the Definitive Agreement will be available under Tanzania's profile on SEDAR at www.sedar.com.

General

The Definitive Agreement is dated as of November 2, 2018 and is made between Tanzania and Jushi. The Definitive Agreement provides for a combination of the businesses of Tanzania and Jushi by way of the Business Combination. For an overview of the series of transactions contemplated to be a part of the Business Combination, please see "*Part III – The Business Combination*" section above.

Tanzania has covenanted in the Definitive Agreement that, immediately prior to the closing of the Business Combination, (i) no more than such number of Tanzania Shares will be issued and outstanding such that existing Tanzania Shareholders will receive, upon completion of the Business Combination, Subordinate Voting Shares with an aggregate value of \$2,660,000, based on the SR Offering Price or as determined by Jushi (the "**Maximum Acquiror Shares**"), and no other Subordinate Voting Shares will be reserved for issuance or be issuable, other than pursuant to any convertible securities of Tanzania currently outstanding as of the date hereof (and any such Tanzania Shares reserved for issuance will be included in the Maximum Acquiror Share total), and (ii) no Preferred Shares will be issued and outstanding nor be reserved for issuance or be issuable, whether pursuant to any convertible securities of Tanzania or otherwise.

Any convertible securities of Tanzania shall be reorganized such that they are converted or otherwise exercisable to acquire Subordinate Voting Shares based on adjustments in price and the number of shares to be acquired calculated to take into account the consolidation ratio. Any convertible securities of Tanzania shall be exercisable for up to 30 days from the first day of trading of the Subordinate Voting Shares on the NEO Exchange.

Representations and Warranties

The Definitive Agreement provides for various representations and warranties of Tanzania and Jushi to the other party with respect to themselves and their respective businesses. These representations and warranties relate to, among other things: organization and corporate capacity, subsidiaries, capitalization, convertible securities, dissolution, approvals and consents, authorizations and binding effect, litigation, judgements, no prior business liabilities, compliance (including stock exchange and securities laws compliance) and absence of changes.

Conditions Precedent

The completion of the Business Combination is subject to certain conditions precedent that must be satisfied prior to the Closing Date, subject to waiver by either party for whose benefit the condition precedents are inserted.

Conditions Precedent for the Benefit of Tanzania

Prior to the Closing Date, the following are the conditions precedent for the benefit of Tanzania:

- (i) other than approval of the Tanzania Board, receipt of all required approvals and consents for the Business Combination and all related matters and for the definitive agreements for the Business Combination, including without limitation:
 - (a) the receipt of all requisite approvals of the Tanzania Shareholders, as required by the NEO Exchange, the TSXV or applicable corporate or securities laws to implement the Business Combination;
 - (b) the approval of NEO Exchange for the listing of the Subordinate Voting Shares;
 - (c) the approval of the TSXV in respect of the delisting of the Tanzania Shares from the TSXV; and
 - (d) the approval of any third parties from whom Jushi must obtain consent including any lenders or financial institutions;
- (ii) the representations and warranties of Jushi contained in the definitive agreements for the Business Combination addressed to Tanzania shall be true and correct in all material respects as of the Closing Date, other than as a result of any change, agreed upon by the parties, in any component of the Business Combination or any transactions related thereto;
- (iii) there being no prohibition under applicable laws against consummation of the Business Combination;
- (iv) no inquiry or investigation (whether formal or informal) in relation to Jushi or its directors, or officers, as applicable, shall have been commenced or threatened by the NEO Exchange or the TSXV, any relevant securities commission or other federal, state or local regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a material adverse effect on Tanzania after giving effect to the Business Combination;
- (v) Jushi shall be in compliance in all material respects with the terms of the Definitive Agreement for the Business Combination;
- (vi) the SR Offering shall have been completed, as applicable; and
- (vii) all directors, officers and members of management of Tanzania and any subsidiary of Tanzania shall have received releases from Tanzania in form and substance acceptable to them, acting reasonably.

Conditions Precedent for the Benefit of Jushi

Prior to the Closing Date, the following are the conditions precedent for the benefit of Jushi:

- (i) other than approval of the board of directors of Jushi, receipt of all required approvals and consents for the Business Combination and all related matters and for the definitive agreements for the Business Combination, including without limitation:
 - (a) the receipt of all requisite approvals of the Tanzania Shareholders, as required by the NEO Exchange, the TSXV or applicable corporate or securities laws to implement the Business Combination;
 - (b) the approval of NEO Exchange for the listing of the Subordinate Voting Shares;
 - (c) the approval of the TSXV in respect of the delisting of the Tanzania Shares from the TSXV;
 - (d) the approval of any third parties from whom Jushi must obtain consent including any lenders or financial institutions, state and local regulators, licensors and strategic partners;
 - (e) the approval of the Tanzania Board of the Name Change;
 - (f) a letter from Tanzanian legal counsel regarding claims or potential claims, in the form satisfactory to Jushi;

- (g) indemnification from certain officers and directors of Tanzania to Jushi for any undisclosed liabilities of 0886490 B.C. Ltd. and Tansmin Resources (Tanzania) Limited, in the form satisfactory to Jushi;
- (h) the sale of all the shares of Tanzania's subsidiaries, in particular 0886490 B.C. Ltd. and Tansmin Resources (Tanzania) Limited; and
- (i) the approval of the Tanzania Board of the Consolidation on a basis required to ensure that Tanzania has no more than the Maximum Acquiror Shares issued and outstanding as of immediately prior to the Closing Date;
- (ii) each Subordinate Voting Share, Multiple Voting Share and Super Voting Share issuable pursuant to the Business Combination or upon redemption of the applicable redeemable units or shares of Jushi or certain of its affiliates shall be issued or be issuable as fully paid and non-assessable shares in the capital of the Tanzania, free and clear of any and all encumbrances, liens, charges, demands of whatsoever nature, except those imposed pursuant to the escrow restrictions of the NEO Exchange, and shall be exempt from the prospectus requirements of applicable Canadian securities laws in each of the provinces and territories of Canada and such securities shall not be subject to resale restrictions under applicable Canadian securities laws (other than as applicable to control persons);
- (iii) the Resulting Issuer Board Nominees shall have been elected to the Tanzania Board, and the applicable number of vacancies on the Tanzania Board as requested by Jushi shall have been created, conditional upon the completion of the Business Combination, and the management nominees of Jushi shall have been duly appointed as the management of Tanzania as of the time of closing of the Business Combination;
- (iv) no material adverse change shall have occurred in the business, results of operations, assets, liabilities, condition (financial or otherwise) or affairs of Tanzania or any subsidiary of Tanzania between the date of signing the Definitive Agreement and the completion of the Business Combination except for the expenditure of funds or incurrence of accrued liabilities required to maintain Tanzania's status as a reporting issuer in good standing in the Provinces of British Columbia and Alberta, or as otherwise required in connection with the completion of the transactions contemplated in the Definitive Agreement;
- (v) the representations and warranties of Tanzania contained in the Definitive Agreement for the Business Combination shall be true and correct in all material respects as of the Closing Date, other than as a result of any change in the issued and outstanding securities of Tanzania as a result of the Business Combination;
- (vi) there being no prohibition under applicable laws against consummation of the Business Combination;
- (vii) no legal proceeding shall be pending or threatened in writing wherein an unfavourable judgment, order, decree, stipulation or injunction would (a) prevent consummation of any component of the Business Combination or any transaction related to the Business Combination, or (b) cause any component of the Business Combination or any transaction related to the Business Combination to be rescinded following consummation;
- (viii) no inquiry or investigation (whether formal or informal) in relation to Tanzania or any subsidiary of Tanzania or its directors, officers or shareholders shall have been commenced or threatened by the NEO Exchange, the TSXV, any securities commission or other federal, state, provincial or local regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a material adverse effect on Tanzania after giving effect to the Business Combination;
- (ix) Tanzania shall be in compliance in all material respects with the terms of the Definitive Agreement for the Business Combination;
- (x) all directors, officers and members of management of Tanzania and any subsidiary of Tanzania shall have delivered resignations and releases in form and substance acceptable to Jushi, acting reasonably,

and no termination, severance or other fees shall be payable to any such directors, officers or members of management of Tanzania and any subsidiary of Tanzania in connection with such resignations and releases;

- (xi) the NEO Exchange shall not have objected to the appointment of the Resulting Issuer Board Nominees, or of the Jushi management nominees to the management of Tanzania, each upon closing of the Business Combination;
- (xii) immediately prior to the Closing Date, no more than the Maximum Acquiror Shares will be issued and outstanding and no other Tanzania Shares will be reserved for issuance or be issuable, whether pursuant to any convertible securities of Tanzania or otherwise;
- (xiii) the SR Offering shall have been completed on terms and conditions acceptable to Jushi, acting reasonably, as applicable;
- (xiv) the voting support agreements, as described below, shall have been entered into and complied with in all material respects; and
- (xv) immediately prior to the Closing Date, Tanzania shall have certain agreed upon minimum working capital and cash positions of not less than \$0.

Agreement to Support Transactions

Pursuant to the Definitive Agreement, Jushi has agreed from the date thereof until the Termination Date:

- (i) to use its reasonable commercial efforts to complete the Business Combination;
- (ii) to use its reasonable commercial efforts to obtain all approvals required in respect of the Business Combination, including any lenders or financial institutions, state and local regulators, licensors and strategic partners; and
- (iii) to cooperate fully with Tanzania and to use all reasonable commercial efforts to assist Tanzania in its efforts to complete the Business Combination unless such cooperation and efforts would subject Tanzania to liability.

Additionally, pursuant to the Definitive Agreement, Tanzania has agreed from the date thereof until the Termination Date:

- (i) not to carry on any business except as contemplated in the Definitive Agreement;
- (ii) not to issue any debt or equity or other securities, except as contemplated in the Definitive Agreement and agreed to by Jushi, or declare or pay any dividends or distribute any of Tanzania's property or assets to Tanzania Shareholders;
- (iii) not to borrow any money or incur any indebtedness (except for trades payable incurred in the ordinary course, or funds borrowed for ongoing operations in advance of the release to Tanzania of the aggregate gross proceeds raised from the Tanzania Subscription Receipt Offering);
- (iv) not to alter or amend Tanzania's notice of articles or articles except as contemplated in the Definitive Agreement and agreed to by Jushi;
- (v) not to enter into any transaction or contract, except as contemplated in the Definitive Agreement, without the prior written consent of Jushi;
- (vi) not to initiate, propose, assist or participate in any activities or solicitations in opposition to or in competition with the Business Combination and, without limiting the generality of the foregoing, not to take any actions to give effect to the completion of any transactions other than the Business Combination, not induce or attempt to induce any other person to initiate any shareholder proposal, acquisition of Tanzania Shares or any other form of transaction inconsistent with completion of the Business Combination, not to complete any fundraising activities and not to take actions of any kind

which may reduce the likelihood of success of the Business Combination, except as required by statutory law;

- (vii) to disclose to Jushi any unsolicited offer it has received: (a) for the purchase of its shares, or any portion thereof, or (b) of any amalgamation, arrangement, merger, business combination, take-over bid, tender or exchange offer, variation of a take-over bid, tender or exchange offer or similar transaction involving Tanzania made to the board of directors or management of Tanzania, or directly to Tanzania Shareholders;
- (viii) to use its reasonable commercial efforts to obtain any third parties approvals required in respect of the Business Combination;
- (ix) to cooperate fully with Jushi, and to use all reasonable commercial efforts to assist Jushi to complete the Business Combination and to take all actions as are otherwise necessary to complete the Business Combination, including satisfaction of all conditions precedent to the completion of the Business Combination under the Definitive Agreement that are for the benefit of Jushi;
- (x) to use its reasonable commercial efforts to cause all Tanzania Shareholders to vote their Tanzania Shares in favour of the Business Combination and related matters, and otherwise approve the Business Combination and related matters as required;
- (xi) to use its commercially reasonable efforts to obtain voting support agreements with Jushi, in a form as reasonably agreed to by Jushi, from certain existing securityholders of Tanzania who, legally or beneficially own, or exercise control or discretion over, directly or indirectly, the outstanding Tanzania Shares and the outstanding Tanzania Subscription Receipts (or any transferee who acquires any Tanzania Shares or Tanzania Subscription Receipts from any such securityholder after the date of the Definitive Agreement), in each case pursuant to which such parties will, among other things, agree to vote their Tanzania Shares in favour of the Business Combination and related matters and to not take any action of any kind which might reasonably be regarded as likely to reduce the success of, or delay or interfere with, the completion of the Business Combination or any related transactions contemplated in connection with the Business Combination; and
- (xii) to have certain agreed upon minimum working capital and cash positions as of the Closing Date.

Termination

The Definitive Agreement shall terminate on the day (the “**Termination Date**”) on which the earliest of the following events occurs:

- (i) written agreement of Tanzania and Jushi to terminate the Definitive Agreement;
- (ii) if the Business Combination is not completed on or prior to December 31, 2019;
- (iii) upon written notice from Jushi to Tanzania, in the event that there shall be any material change or change in a material fact in respect of Tanzania, or there should be discovered any previously undisclosed material fact required to be disclosed by Tanzania or new material fact in respect of Tanzania, which, in the reasonable opinion of Jushi, has or would be expected to have an adverse effect on the business, affairs, prospects, results of operations, assets, liabilities, capital or condition (financial or otherwise) of Tanzania (post-Business Combination) or Jushi (each considered on a consolidated basis); and
- (iv) upon written notice from Jushi to Tanzania, in the event that Tanzania is in breach of any material term, condition or covenant of the Definitive Agreement or any representation or warranty given by Tanzania in the Definitive Agreement becomes or is false in any material respect.

In the event that the Jushi Board determines that the Business Combination is not in the best interest of Jushi, Jushi may terminate the Definitive Agreement at any time. Upon termination of the Definitive Agreement, Jushi and Tanzania shall have no obligations to one another, other than among other things maintaining confidentiality and in

respect of any liability of a party due to a breach of any terms or conditions set forth in the Definitive Agreement prior to termination.

Subscription Receipt Offering

Pursuant to the Engagement Letter, Jushi engaged Eight Capital on behalf of a syndicate of Agents, to complete a private placement of Subscription Receipts (the “**SR Offering**”) at a price of US\$2.75 per Subscription Receipt (the “**SR Offering Price**”) for gross proceeds of approximately US\$68,200,270.

Each Subscription Receipt will be automatically converted into one Jushi Acquisition Share immediately prior to and in connection with the First Merger, without payment of additional consideration or further action on the part of the holder.

The gross proceeds of the SR Offering, less 50% of Agents’ commission and all of the expenses of the Agents incurred in connection with the SR Offering, will be held in escrow by the Escrow Agent pending the closing of the Business Combination. The funds held in escrow by the Escrow Agent, together with all interest and other income earned thereon, are referred to herein as the “**Escrowed Funds**”.

Provided that the Escrow Release Conditions are satisfied on or prior to the Escrow Release Deadline, the Escrowed Funds will be released from escrow by the Escrow Agent as follows: (a) to the Agents, an amount equal to the 50% of the Agents’ commission and any expenses incurred by the Agents and not already paid by Jushi Acquisition Corp. in connection with the SR Offering; and (b) to Jushi Acquisition Corp., an amount equal to the Escrowed Funds, less the foregoing deductions.

If the Escrow Release Conditions have not been satisfied on or prior to the Escrow Release Deadline, the Escrowed Funds, together with any interest accrued thereon, shall be returned to the holders of the Subscription Receipts on a pro rata basis and the Subscription Receipts shall thereafter be cancelled. Jushi Acquisition Corp. shall be responsible and liable to the holders of the Subscription Receipts for any shortfall between the aggregate Subscription Receipt price paid by the original purchasers of the Subscription Receipts and the amount of the Escrowed Funds.

In connection with the SR Offering, Jushi will pay a cash fee to the Agents equal to 6% of the gross proceeds of the SR Offering sourced by Agents in accordance with the terms and conditions of the agency agreement to be entered into in due course by Jushi Acquisition Corp., Jushi and the Agents in connection with the completion of the SR Offering.

The Exchange and Exchange Agreement

The following is a description of the material terms and conditions of the Exchange. In the Exchange, Tanzania and each holder of Jushi Acquisition Shares will enter into an exchange agreement providing for the specific terms and conditions of the Exchange. Immediately prior to the Exchange, each outstanding Subscription Receipt will be automatically converted into a Jushi Acquisition Share. As a result of the Exchange, each holder who initially held Subscription Receipts will hold one Subordinate Voting Share for each Jushi Acquisition Share received on conversion of their Subscription Receipts.

In addition, the Jushi, Inc 2018 Equity Incentive Plan (the “**2018 Plan**”) and all outstanding stock options, restricted stock and other equity-based compensation awards granted under the 2018 Plan will be terminated and each such terminated award will be replaced with an economically equivalent award (a “**Substitute Award**”) for Subordinate Voting Shares under the Equity Incentive Plan as described in “*Part IV – Information Concerning the Resulting Issuer – Options to Purchase Securities – Equity Incentive Plan*”.

Merger of Tanzania Sub and Jushi Acquisition Corp

Immediately following and in connection with the Exchange, and upon the filing of the notice of alteration by Tanzania to give effect to the Consolidation, Name Change and the Amendment, Tanzania Sub, Jushi Acquisition Corp. and Tanzania will enter into a merger agreement in respect of an amalgamation of Jushi Acquisition Corp. and Tanzania Sub pursuant to the provisions of the BCBCA to form Amalco, which will be wholly owned by Tanzania (the “**First Merger**”).

Canadian Holders of Shares of Jushi

Canadian resident shareholders of Jushi will have the ability to elect to transfer their shares of Jushi to Tanzania in exchange for Subordinate Voting Shares.

Merger of Jushi and Jushi Merger Sub

Immediately following the First Merger described above, Jushi, Jushi Merger Sub and Tanzania will enter into a merger agreement in respect of a merger of Jushi with and into Jushi Merger Sub (the “**Second Merger**”). As a result of the Second Merger, shareholders of Jushi will be issued Subordinate Voting Shares or Multiple Voting Shares (as determined by Jushi), the Founders will be issued Super Voting Shares and Jushi will become a wholly-owned subsidiary of Tanzania, resulting in Tanzania owning 100% of the Jushi Shares. All outstanding Jushi Merger Sub shares shall be cancelled and Jushi shall continue as the surviving entity. The officers, directors, articles of incorporation and bylaws of Jushi shall be unchanged by the Second Merger.

**PART IV
INFORMATION CONCERNING THE RESULTING ISSUER**

Corporate Structure

Name and Incorporation

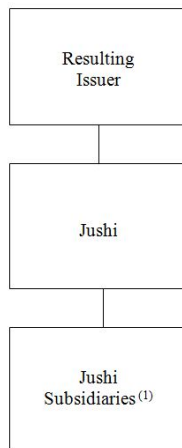
In connection with the Business Combination, Tanzania will change its name to “Jushi Holdings Inc.” or such other name as determined by Jushi and accepted by the corporate regulators. The Resulting Issuer’s registered office will be located at 8 The Green, Suite A, Dover, Delaware 19901, care of a registered agent and the head office will be located at 1800 NW Corporate Boulevard, Boca Raton, Florida 33431.

Constituting Documents

On receiving requisite shareholder and regulatory approval, Tanzania intends to file articles of amendment to effect the Name Change and Amendment.

Intercorporate Relationships

The Resulting Issuer will carry on the business currently carried on by Jushi. The organization chart of the Resulting Issuer setting out the materially active subsidiaries following the closing of the Business Combination is set forth below. Unless otherwise noted, (i) all information presented on the Resulting Issuer assumes the closing of the Business Combination, and (ii) all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



Notes:

- (1) For a complete list of Jushi’s subsidiaries, see the organizational chart under “*Part II – Information Concerning Jushi – Intercorporate Relationships*”.

Description of Securities

The Resulting Issuer is authorized to issue an unlimited number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares. There are expected to be 86,626,441 Subordinate Voting Shares, 4,000,000 Multiple Voting Shares and 149,000 Super Voting Shares issued and outstanding immediately following the completion of the Business Combination (subject to the exercise of previously issued convertible securities).

Subordinate Voting Shares

Reclassification	Each post-consolidation common share held by a shareholder of the Resulting Issuer will be reclassified into one Subordinate Voting Share.
Right to Notice and Vote	Holders of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer 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.
Class Rights	As long as any Subordinate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer.
Dividends	Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Resulting Issuer, dividends in cash or property of the Resulting Issuer. No dividend will be declared or paid on the Subordinate Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Super Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Subordinate Voting Shares, be entitled to participate ratably along with all other holders of Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	In the event that (1) an offer is made to purchase Multiple Voting Shares or Super Voting Shares, and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange, if any, on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Multiple Voting Shares or Super Voting Shares, as applicable, in a province or territory of Canada to which the requirement applies, and (2) a concurrent equivalent offer is not made in respect of the Subordinate Voting Shares, then each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares or Super Voting Shares, as applicable, at the inverse of the Conversion Ratio (as defined in the articles, as applicable) then in

effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares or Super Voting Shares, as applicable, under the offer, and for no other reason, and shall not provide holders of Subordinate Voting Shares any beneficial ownership of Multiple Voting Shares or Super Voting Shares, as applicable, but only in the consideration under the offer. In such event, the transfer agent for the Subordinate Voting Shares shall deposit under the offer the resulting Multiple Voting Shares or Super Voting Shares, as applicable, on behalf of the holder. If Multiple Voting Shares or Super Voting Shares, as applicable, resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror, or the offer is abandoned, withdrawn or terminated by the offeror or the offer otherwise expires without such Multiple Voting Shares or Super Voting Shares, as applicable, being taken up and paid for, the Multiple Voting Shares or Super Voting Shares, as applicable, resulting from the conversion will be automatically re-converted into Subordinate Voting Shares at the Conversion Ratio then in effect, shall be deemed to have never been outstanding, and a share certificate representing the Subordinate Voting Shares or electronic evidence of such Subordinate Voting Shares issued in a non-certificate manner will be sent to the holder by the transfer agent. In the event that the offeror takes up and pays for the Multiple Voting Shares or Super Voting Shares, as applicable, resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

Odd Lots

In the event that holders of Subordinate Voting Shares are entitled to convert their Subordinate Voting Shares into Super Voting Shares in connection with an offer, holders of an aggregate of Subordinate Voting Shares of less than 100 (an “**Odd Lot**”), subject to any adjustments to the initial Conversion Ratio pursuant to the adjustment provisions of the Subordinate Voting Shares or the Super Voting Shares, as applicable, designed to preserve their relative rights, will be entitled to convert all but not less than all of such Odd Lot of Subordinate Voting Shares into a fraction of one Super Voting Share, at the inverse of the Conversion Ratio then in effect, provided that such conversion into a fractional Super Voting Share will be solely for the purpose of tendering the fractional Super Voting Share to the offer in question and that any fraction of a Super Voting Share that is tendered to the offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Subordinate Voting Shares that existed prior to such conversion.

Multiple Voting Shares

Right to Notice and Vote

Holders of Multiple Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to ten (10) votes in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be converted (currently ten (10) votes per Multiple Voting Share held).

Class Rights

As long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Multiple Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. In connection with the exercise of such voting rights, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

Dividends	The holders of Multiple Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, <i>pari passu</i> (on an as converted basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares shall, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Multiple Voting Shares, be entitled to participate rateably, on an as-converted to Subordinate Voting Share basis, along with all other holders of Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Multiple Voting Shares each have a restricted right to convert into one (1) Subordinate Voting Share (the “ Conversion Ratio ”), subject to adjustments for certain customary corporate changes. The ability to convert the Multiple Voting Shares is subject to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Multiple Voting Shares will be automatically converted into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.

Super Voting Shares

Right to Notice and Vote	Holders of Super Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Super Voting Shares will be entitled to 10 votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (currently 1,000 votes per Super Voting Share held).
Class Rights	As long as any Super Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Additionally, consent of the holders of a majority of the outstanding Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held. The holders of Super Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, bonds, debentures or other securities of the Resulting Issuer not convertible into Super Voting Shares.
Dividends	The holders of Super Voting Shares shall have the right to receive dividends, out of

any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Super Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.

Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Super Voting Shares shall be entitled to participate rateably, on an as-converted to Subordinate Voting Share basis, along with all other holders of Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Super Voting Shares each have a restricted right to convert into 100 Subordinate Voting Shares (the “ Conversion Ratio ”), subject to adjustments for certain customary corporate changes. The ability to convert the Super Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares and Super Voting Shares held of record, directly or indirectly, by residents of the U.S. (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended, may not exceed forty five percent (45%) of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, each Super Voting Share shall automatically be converted in certain circumstances.

Resulting Issuer Options

See “Part IV – Information Concerning the Resulting Issuer – Options to Purchase Securities” for further information with respect to Resulting Issuer Options.

Pro Forma Consolidated Capitalization

The following table sets forth the estimated capitalization of the Resulting Issuer after giving effect to the conversion of the Subscription Receipts issued under the SR Offering and the Business Combination, as more particularly described in the pro forma consolidated balance sheet as at February 28, 2019 attached hereto as Appendix D.

Capital	Outstanding as at the date hereof on a Pro Forma Basis After Giving Effect to the SR Offering and Business Combination	Outstanding as at the date hereof on a Pro Forma Basis After Giving Effect to the Business Combination and on an as-converted basis
Subordinate Voting Shares	84,153,812 ⁽¹⁾⁽²⁾⁽³⁾	103,053,812 ⁽¹⁾⁽²⁾⁽³⁾
Multiple Voting Shares	4,000,000	--
Super Voting Shares	149,000	--

Capital	Outstanding as at the date hereof on a Pro Forma Basis After Giving Effect to the SR Offering and Business Combination	Outstanding as at the date hereof on a Pro Forma Basis After Giving Effect to the Business Combination and on an as-converted basis
Resulting Issuer Warrants	36,605,045 Subordinate Voting Warrants ⁽⁴⁾ 6,750,000 Multiple Voting Warrants 16,275,000 Super Voting Warrants ⁽⁵⁾	59,630,045 ⁽⁴⁾⁽⁶⁾
Resulting Issuer Options	7,783,000	7,783,000

Notes:

- (1) Includes the sale of 24,800,098 Subscription Receipts in the SR Offering at US\$2.75 per Subscription Receipt for gross proceeds of approximately US\$68,200,270.
- (2) Assumes no net settlement for 2,796,152 options with a strike price of US\$1.00 that accelerate upon the completion of the Business Combination.
- (3) Includes 3,120,000 shares of restricted stock under the Equity Incentive Plan.
- (4) Includes 979,938 broker warrants issued pursuant to SR Offering.
- (5) Upon exercise, these warrants would be consolidated into 162,750 Super Voting Shares, which represent 16,275,000 dilutive shares on an as-converted basis.
- (6) Total of fully diluted shares issuable through exercise of all classes of warrants and conversion into Subordinate Voting Shares.

Fully Diluted Share Capital

The fully-diluted share capital of the Resulting Issuer, after completion of the Business Combination (including the conversion of the Subscription Receipts issued under the SR Offering to Subordinate Voting Shares, which is a condition precedent to the Business Combination), will consist of the securities set forth in the table below.

	Number and Percentage of Subordinate Voting Shares Outstanding as at the Closing of the Business Combination (fully-diluted) ⁽¹⁾
Subordinate Voting Shares to be held by existing Tanzania Shareholders	413,279 (0.2%)
Subordinate Voting Shares to be issued to Jushi Shareholders	102,640,533 (60.2%) ⁽²⁾⁽³⁾⁽⁴⁾
Subordinate Voting Shares issuable to holders of Resulting Issuer Options	67,413,045 (39.5%)
Total diluted share capital of the Resulting Issuer	170,466,857 (100%)

Notes:

- (1) Assumes the conversion of the Multiple Voting Shares and Super Voting Shares into Subordinate Voting Shares and full exercise of all outstanding warrants and options (vested and unvested).
- (2) Assumes no net settlement for 2,796,152 options with a strike price of US\$1.00 that accelerate upon the completion of the Business Combination.
- (3) Includes 3,120,000 shares of restricted stock under the Equity Incentive Plan.
- (4) Includes the sale of 24,800,098 Subscription Receipts in the SR Offering at US\$2.75 per Subscription Receipt for gross proceeds of approximately US\$68,200,270.

Available Funds and Principal Purposes

Funds Available

The following table sets forth the estimated net proceeds raised pursuant to the SR Offering and the estimated total funds available to the Resulting Issuer on the closing of the Business Combination. See Appendix A “*Financial Statements of Tanzania*” and Appendix D “*Pro Forma Financial Statements for the Resulting Issuer*”.

Source of Funds	Available Funds (US\$)
Estimated working capital of the Resulting Issuer as at February 28, 2019 ⁽¹⁾	\$52,778,031
Net proceeds from the SR Offering ⁽²⁾	\$63,831,258
Estimated total funds available to the Resulting Issuer on completion of the Business Combination	\$116,609,289

Notes:

- (1) Based on estimated (audited) working capital of Tanzania of approximately US\$19,635 as of February 28, 2019 and estimated (audited) working capital of Jushi of approximately US\$52,758,396 as of December 31, 2018, which includes approximately US\$16,100,000 of proceeds received from the private placement of Class B Units in March 2019.
- (2) Jushi Acquisition Corp. will merge with Tanzania Sub and become part of Tanzania.

Principal Purposes of Funds

The Resulting Issuer will use the available funds in the furtherance of its business strategy, including, initially, deployment of the funds into purchases of assets and/or businesses. The Resulting Issuer anticipates incurring certain costs in connection with pursuing its objectives. See “*Part IV – Information Concerning the Resulting Issuer – Narrative Description of the Business*”.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult at this time to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of Tanzania and Jushi consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises.

The following table sets out information regarding the Resulting Issuer’s intended principal uses of funds for the 12 months following the closing of the Business Combination and contains forward looking information developed for this Filing Statement and approved by management of Jushi.

Proposed Use of Available Funds (12 months following closing of the Business Combination)	Amount Assuming Completion of the Business Combination US\$
Estimated cost of the Business Combination	\$4,369,012
Acquisition of Businesses	\$80,000,000
General and administrative expenses (12 months)	\$9,000,000
Total Use of Funds Available	\$93,369,012

Dividends

It is not expected that the Resulting Issuer will declare any dividends for the foreseeable future. The Resulting Issuer will have no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future,

it is expected that such earnings will be retained to finance growth, if any. The Resulting Issuer Board will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. Holders of Tanzania Shares will be entitled to an equal share in any dividends declared and paid on the Tanzania Shares.

Principal Security Holders

The following table sets forth, to the best of the Resulting Issuer's knowledge, as of the date hereof, the persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the Subordinate Voting Shares.

Name, Jurisdiction of Residence	Number of Shares	Class of Shares	Ownership	Number and Percentage of Class	Voting Percentage (based on all Shares Outstanding) ⁽¹⁾
James Cacioppo Florida, United States	114,000	Super Voting Shares	Direct/ Beneficial	76.5%	41.8%
James Cacioppo Florida, United States	1,928,930 (direct) 13,328,930 (as converted)	Subordinate Voting Shares	Direct/ Beneficial	13.0% (as converted)	42.5% (includes Super Voting Shares as converted)
Denis Arsenault Portugal	4,000,000	Multiple Voting Shares	Direct/ Beneficial	100%	14.7%
Denis Arsenault Portugal	1,887,956 (direct) 5,887,956 (as converted)	Subordinate Voting Shares	Direct/ Beneficial	5.7% (as converted)	15.7% (includes Multiple Voting Shares as converted)

Notes:

- (1) Percentage of shares outstanding prior to the exercise of any outstanding warrants or options and excludes unvested restricted stock.

Directors, Officers and Promoters

The following table sets out, for each of the Resulting Issuer's directors and executive officers, the person's name, age, state and country of residence, position with the Resulting Issuer, principal occupation(s) during the last five (5) years, and, if an existing officer of Jushi prior to the Business Combination, the date on which the person became such an officer. The Resulting Issuer's directors were elected at the Meeting held on April 29, 2019 and are expected to hold office unless they resign prior thereto or are removed by the shareholders of the Resulting Issuer.

The size of the initial Resulting Issuer Board is seven (7) directors. As only six (6) directors were elected at the Meeting, there is a vacancy of one (1) director on the Resulting Issuer Board. The Resulting Issuer Board intends to fill such vacancy soon with appropriately qualified individual, which individual the Resulting Issuer is in the process of identifying.

Under NI 52-110, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Resulting Issuer Board, be reasonably expected to interfere with a director's exercise of independent judgment. James Cacioppo, Erich Mauff, and Max Cohen are not considered independent. Benjamin Cross, Stephen Monroe and Peter Adderton are considered independent.

The proposed compensation for each independent director is US\$50,000 per year, to be paid quarterly, and US\$100,000 in restricted stock, which will vest after one complete year of service. The Audit Committee Chair will receive an additional US\$50,000 in restricted stock for the first year, which will vest quarterly.

Directors and Executive Officers

Name and State and Country of Residence	Age	Position(s) with the Resulting Issuer	Jushi Officer Since	Principal Occupation(s)	Number of Securities of Resulting Issuer Directly or Indirectly Held⁽¹⁾
James Cacioppo ⁽²⁾⁽⁴⁾ Florida, U.S.	56	CEO and Director	January 2018	CEO of Jushi (January 2018 to Present); Managing Partner, One East Partners (April 2006 to Present)	114,000 Super Voting Shares 1,928,930 Subordinate Voting Shares
Erich Mauff New York, U.S.	52	President and Director	January 2018	President of Jushi (January 2018 to Present); CEO, Grey Lourie LLC (December 2015 to January 2016); Vice-Chairman, Deutsche Bank (March 1999 to December 2015)	20,000 Super Voting Shares 1,776,923 Subordinate Voting Shares
Kimberly Bambach Florida, U.S.	48	CFO	November 2018	CFO of Jushi (November 2018 to Present); CFO, Bidtellect Inc. (August 2016 to November 2018); CFO, Hooklogic Inc. (March 2013 to August 2016)	125,000 Subordinate Voting Shares
Max Cohen Colorado, U.S.	41	COO and Director	N/A	Owner / Manager of HMS LLC (November 2009 to Present)	Nil
Benjamin Cross ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Connecticut, U.S.	64	Director	N/A	Managing Director of Morgan Stanley (May 1995 to May 2015)	100,000 Subordinate Voting Shares
Stephen Monroe ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ New York, U.S.	59	Director	N/A	President and Managing Partner of Liquid Capital Alternative Funding (March 2016 to Present); Royal Bank of Scotland (May 2009 to October 2015)	Nil
Peter Adderton ⁽³⁾⁽⁵⁾ California, U.S.	52	Director	N/A	CEO of Boost Mobile Australia (2017 to Present); CEO of 360fly (2015 to 2017); CEO Digital Turpine (2014)	Nil
Jon Barack Florida, U.S.	42	Corporate Secretary and EVP, Business Development	January 2018	EVP, Business Development of Jushi (January 2018 to Present); Director of Research, One East Capital Advisors (October 2013 to March 2018)	15,000 Super Voting Shares 676,922 Subordinate Voting Shares

Notes:

- (1) Excludes any options or warrants held by such persons.
- (2) Member of the Resulting Issuer Compensation Committee.
- (3) Member of the Resulting Issuer Audit Committee.
- (4) Member of the Resulting Issuer Nominating and Corporate Governance Committee.
- (5) Independent Director.

Biographies

The following are brief profiles of the Resulting Issuer's executive officers and directors.

James Cacioppo, Founder, CEO and Chairman

James brings managerial, start-up, financial and investing experience to his role as Founder, CEO and Chairman of Jushi. Prior to founding Jushi, James spent over two decades managing the business and allocating capital in senior management positions at several large hedge funds; two of which were early stage success stories. James is Co-Founder and Managing Partner of One East Partners (US\$2.3 billion (peak AUM)). Previously, James served as President and Co-Portfolio Manager of Sandell Asset Management (US\$5.0 billion (peak AUM)) and Head of Distressed Debt for Halcyon Management, a global investment firm with over US\$9 billion in assets. James earned his BA from Colgate University and his MBA from Harvard University.

Erich Mauff, Founder, President and Director

Erich brings financial and managerial experience to his role as Founder, President and Director of Jushi. Erich spent over 20 years at Deutsche Bank, first heading Capital Markets & Treasury Solutions group, then serving as Managing Director and Vice Chairman of Corporate Finance North America. Erich's fierce work ethic extends beyond even his executive experience—in 1992, Erich competed in the Olympics for South Africa's Men's rowing team. Erich earned his BA from Brown University.

Max Cohen, COO and Director

Max brings operational experience in the cannabis industry to his role as COO at Jushi. Max serves as Founder and CEO of The Clinic™, a large-scale cannabis retailer. Max is a founding member of the Marijuana Industry Group and a member of the Board of Directors for the National Cannabis Industry Organization (a national marijuana lobbying and policy organization). Max was a founding board member pre-IPO of Green Thumb Industries (GTI). Max earned his BS in Business Administration from the University of Montana.

Benjamin Cross, Director

Benjamin brings extensive financial markets experience and commodities knowledge to his role as Director at Jushi. Benjamin spent 20 years at Morgan Stanley in both their London and New York offices in the Commodities Division until his retirement in 2015 as a Managing Director at the firm. Prior to joining Morgan Stanley, Benjamin worked at Merrill Lynch and the commodities exchange. Benjamin earned his BS from Cornell University. Presently, Benjamin is a Board Advisor to Ursa Space, a geospatial intelligence firm with an emphasis in measuring global oil inventories.

Stephen Monroe, Director

Stephen brings vast experience in financial markets and risk management to his role as Director at Jushi. Stephen is President and Managing Partner of Liquid Capital Alternative Funding (LCAF), an asset-based lender. Prior to joining LCAF, Stephen served as National Sales Manager for Short Duration Products at JP Morgan; and previously in a variety of senior management positions covering cash and short duration products at Barclays and the Royal Bank of Scotland. Stephen earned his BA from Williams College.

Peter Adderton, Director

Peter brings invaluable operational and marketing expertise to his role as Director at Jushi. Peter is a Director and Founder of Boost Mobile, a wireless telecommunications brand based in Australia. Under his leadership, Boost Mobile USA was purchased by Nextel/Spring and remains a wholly owned subsidiary of Spring Nextel. Prior to

founding Boost Mobile, Peter founded Amp'd Mobile, a wireless company and Mandalay Digital, now Digital Turbine, a mobile solutions provider. At Mandalay Digital, Peter was the Company's CEO and Director leading it to become a NASDAQ listed company. Peter graduated from Sydney Technical College.

Kimberly Bambach, Chief Financial Officer

Kimberly brings impressive financial and executive experience to her position as CFO at Jushi. Prior to joining the Jushi team, Kimberly served as CFO for a number of high growth ventured back start-ups including BidTellec and Hooklogic. Kimberly has over 25 years' experience in management and finance for both large public and private corporations. Kimberly earned her BA from SUNY Brockport and her MBA from Pace University.

Jon Barack, Founder, EVP of Business Development and Corporate Secretary

Jon brings extensive financial and cannabis industry investing experience (both public and private) to his role as Founder and EVP of Business Development at Jushi. Jon spent over ten years in investments at various hedge funds, including five years at One East Capital Advisors where he focused on cannabis investments. Jon earned his BA from Princeton University and his JD/MBA from Northwestern University.

The following are brief profiles of the Resulting Issuer's senior management team.

Cease Trade Orders or Bankruptcies

None of the Resulting Issuer's directors or executive officers has, within the 10 years prior to the date of this Filing Statement, been a director, chief executive officer or chief financial officer of any company (including the Resulting Issuer) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

None of the Resulting Issuer's directors or executive officers has, within the 10 years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director or executive officer, been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties and Sanctions

No director or executive officer of the Resulting Issuer has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

In the 10 years prior to the Filing Statement Date, none of the proposed directors, officers or promoters of the Resulting Issuer or any securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Conflicts of Interest

To the best of the Resulting Issuer's knowledge, there are no known existing or potential material conflicts of interest among the Resulting Issuer or a subsidiary of the Resulting Issuer and a director or officer of the Resulting

Issuer or a subsidiary of the Resulting Issuer as a result of their outside business interests except that certain of the Resulting Issuer's or its subsidiaries' directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

Standing Committees of the Board

The standing committees of the Resulting Issuer Board will be the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

Audit Committee

The Audit Committee will be comprised of Benjamin Cross, Stephen Monroe and Peter Adderton, each of which is independent within the meaning of NI 52-110. Stephen Monroe will be the Chair of the Audit Committee. Each Audit Committee member is "financially literate" within the meaning of NI 52-110 and possesses education or experiences that is relevant for the performance of their responsibilities as an Audit Committee member. The duties of the Audit Committee will be set out in an audit committee mandate that will give the Audit Committee responsibility for, among other things, oversight of the Resulting Issuer's internal accounting and financial reporting practices, financial statements and financial disclosures, the Resulting Issuer's auditors, and compliance with legal and other regulatory requirements.

Compensation Committee

The Compensation Committee will be comprised of James Cacioppo, Benjamin Cross and Stephen Monroe. James Cacioppo will be the Chair of the Compensation Committee. The objective of the Compensation Committee in setting compensation levels is to attract and retain individuals of high caliber to serve as officers of the Resulting Issuer, to motivate their performance to achieve the Resulting Issuer's strategic objectives and to align the interests of executive officers with the long-term interests of the shareholders of the Resulting Issuer. These objectives are designed to ensure that the Resulting Issuer continues to grow on an absolute basis as well as to grow cash flow and earnings for shareholders of the Resulting Issuer. The Compensation Committee sets the compensation received by NEOs to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Compensation Committee relies primarily on their own experience and knowledge.

The Compensation Committee will be composed of a majority of independent directors and will be responsible for:

- (a) reviewing and approving goals and objectives relevant to the CEO's compensation;
- (b) evaluating the CEO's performance with respect to those goals and objectives;
- (c) determining the CEO's compensation (both cash-based and equity-based);
- (d) reviewing and approving the Equity Incentive Plan; and
- (e) making recommendations to the Resulting Issuer Board with respect to compensation of other senior officers and directors.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee will be initially composed of a majority of independent directors and will be responsible for identifying individuals qualified to become new board members and recommending to the Resulting Issuer Board the new director nominees for the next annual meeting of shareholders. The initial members of the Nominating and Corporate Governance Committee will be James Cacioppo, Benjamin Cross and Stephen Monroe. James Cacioppo will be the Chair of the Nominating and Corporate Governance Committee. In making its recommendations, the Nominating and Corporate Governance Committee will consider a number of factors, including:

- (a) the competencies and skills that the Resulting Issuer Board considers to be necessary for it, as a whole, to possess;
- (b) the diversity of the Resulting Issuer Board composition;
- (c) the competencies and skills that the Resulting Issuer Board considers each existing director to possess; and
- (d) the competencies and skills each new nominee will bring to the boardroom.

Diversity

Board of Directors

The Resulting Issuer recognizes the benefits that diversity brings to the company. The Resulting Issuer Board will aim to be comprised of directors who have a range of perspectives, insights and views in relation to the issues affecting the Resulting Issuer. This belief in diversity is expected to be reflected in a written diversity policy that is expected to be adopted by the Resulting Issuer Board. The diversity policy is expected to state that the Resulting Issuer Board should include individuals from diverse backgrounds, having regard to, among other things, gender, status, age, business experience, professional expertise, education, nationality, race, culture, language, personal skills and geographic background. Accordingly, consideration of whether the diverse attributes highlighted in the policy are sufficiently represented on the Resulting Issuer Board will be an important component of the selection process for new Resulting Issuer Board members.

Female Representation

While none of the currently proposed Resulting Issuer Board members are female, the Resulting Issuer recognizes the value of the contribution of members with diverse attributes on the Resulting Issuer Board and will be committed to ensuring that there is representation of women on the Resulting Issuer Board in the future. However, the Resulting Issuer does not intend to establish a target regarding the number of women on the Resulting Issuer Board. The Resulting Issuer believes a target would not be the most effective way of ensuring the Resulting Issuer Board is comprised of individuals with diverse attributes and backgrounds. The Resulting Issuer will, however, evaluate the appropriateness of adopting targets in the future.

One of the proposed executive officers of the Resulting Issuer is female. The Resulting Issuer does not intend to establish a target regarding the number of women in executive officer or senior leadership positions. The Resulting Issuer believes that the most effective way to achieve its goal of increasing the representation of women in leadership roles at all levels of the organization is to identify high-potential women within the Resulting Issuer and work with them to ensure they develop the skills, acquire the experience and have the opportunities necessary to become effective leaders. The Resulting Issuer will, however, evaluate the appropriateness of adopting targets in the future.

Promoters

James Cacioppo, Co-Founder, Chairman & CEO of Jushi and the CEO of the Resulting Issuer may be considered to be a promoter of the Resulting Issuer in that he took the initiative in organizing the business of Jushi and the Resulting Issuer. The nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Cacioppo directly or indirectly from the Resulting Issuer or from a subsidiary of the Resulting Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Resulting Issuer or a subsidiary of the Resulting Issuer in return is set out in the “*Executive Compensation*” section below. For additional information about Mr. Cacioppo, see the “*Directors and Executive Officers*” section above.

Erich Mauff, the Co-Founder & President of Jushi and the President of the Resulting Issuer may be considered to be a promoter of the Resulting Issuer in that he took the initiative in organizing the business of Jushi and the Resulting Issuer. The nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Mauff directly or indirectly from the Resulting Issuer or from a subsidiary of the Resulting Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Resulting Issuer or a subsidiary of the Resulting Issuer in return is set out in the “*Executive*

Compensation” section below. For additional information about Mr. Mauff, see the *“Directors and Executive Officers”* section above.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are or have been within the last five (5) years, directors, officers or promoters of other reporting issuers.

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
James Cacioppo	Texas Petrochemicals (Delaware)	Nasdaq	Director	April 2008	January 2013
	Affinity Gaming (Nevada)	Not Listed	Director	August 2014	March 2017
	Viscount Systems Inc. (Nevada)	OTC	Director	August 2015	Present

Proposed Executive Compensation

The following table sets forth the anticipated compensation to be paid or awarded to the following executive officers of the Resulting Issuer: (i) the CEO; (ii) the CFO; and (iii) the three most highly compensated individuals whose total compensation was more than US\$150,000:

Table of Compensation Excluding Compensation Securities							
Name & Position	Year	Salary, Consulting Fee, Retainer or Commission US\$	Bonus US\$	Committee or Meeting Fees US\$	Value of Perquisites US\$	Value of all Other Compensation US\$	Total Compensation US\$
James Cacioppo CEO and Chairman of the Board	2019	\$350,000	\$700,000	Nil	Nil	Nil	\$1,050,000
Erich Mauff President and Director	2019	\$300,000	\$475,000	Nil	Nil	Nil	\$775,000
Kimberly Bambach CFO	2019	\$250,000	\$50,000	Nil	Nil	Nil	\$300,000
Jon Barack EVP, Business Development	2019	\$250,000	\$350,000	Nil	Nil	Nil	\$600,000
Trenton Woloveck EVP, Head of Originations	2019	\$250,000	\$50,000	Nil	Nil	Nil	\$300,000

Termination and Change of Control Benefits

Other than as disclosed herein, the Resulting Issuer will not have any contracts, agreements, plans or arrangements that provide for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or a change in an NEO's responsibilities.

Under James Cacioppo's and Erich Mauff's stock option agreements, in the event of termination without cause or resignation for good reason, the NEOs' stock options become fully vested.

Under Jon Barack's employment agreement, in the event of termination without cause, the NEO is entitled to receive a cash severance equivalent to six (6) months of his annual base salary at the annual rate in effect immediately prior to his termination ("**Cash Severance**"). Upon a change of control, the NEO is automatically terminated and is entitled to the Cash Severance and acceleration of any outstanding equity grants.

Under Kimberly Bambach's employment agreement, in the event of termination without cause, the NEO is entitled to receive (i) a cash severance equivalent to six (6) months of her annual base salary at the annual rate in effect immediately prior to her termination; and (ii) acceleration of any outstanding equity grants (together, "**Severance Payment**"). In the event of a change of control and for one year thereafter, for a resignation for good reason, the NEO is also entitled to the Severance Payment.

Under Trenton Woloveck's employment agreement, in the event of termination without cause, the NEO is entitled to receive a Cash Severance equivalent to six (6) months of his annual base salary at the annual rate in effect immediately prior to his termination. In the event of a change of control and for one year thereafter, for a termination without cause or resignation for good reason, the NEO is entitled to the Cash Severance and acceleration of any outstanding equity grants.

Oversight and Description of Director and Named Executive Officer Compensation

The Resulting Issuer Board will review the compensation of its executives following completion of the Business Combination and make such changes as it deems appropriate.

Indebtedness of Directors, Executive Officers and Other Management

The Resulting Issuer has provided loans to members of senior management, including Kimberly Bambach, Jon Barack and Trenton Woloveck, to purchase restricted stock pursuant to the Equity Incentive Plan.

Other than the indebtedness described above, no person who is or at any time during the most recently completed financial year was a director, executive officer or senior officer of the Resulting Issuer, no proposed nominee for election as a director of the Resulting Issuer, and no associate of any of the foregoing persons has been indebted to the Resulting Issuer at any time since the commencement of the Resulting Issuer's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Resulting Issuer at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

Investor Relations Arrangements

The following investor relations arrangements were entered into in connection with the shares of the Resulting Issuer:

1. a consulting agreement between Jushi and Nison Consulting, LLC dated May 28, 2019 for consulting and management services;
2. a service agreement between Jushi and CFN Media Group dated May 28, 2019 for media services;
3. an advertising agreement between Jushi and Winning Media LLC dated May 24, 2019 for online advertising services;

4. a client services agreement between Jushi and Stockhouse Publishing Limited dated May 20, 2019 for consulting services;
5. a consulting agreement between Jushi and OGIB Corporate Bulletin dated May 20, 2019 for consulting services; and
6. a consulting agreement between Jushi and Stonebridge Partners, LLC dated May 20, 2019 for consulting services.

In addition to the agreements described above, Jushi and the Resulting Issuer expect to enter into other written agreements with other persons and/or companies to provide promotional or investor relations services or third party investor relations service for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market. Any such agreement or understanding that may be entered into following the completion of the Business Combination will be at the determination of the Resulting Issuer Board.

Options to Purchase Securities

Outstanding Options

The following table sets forth the aggregate number of Resulting Issuer Options subject to the Equity Incentive Plan that are outstanding as of the date hereof.

	Subordinate Voting Shares Under Options Granted⁽¹⁾⁽²⁾		
	Exercise Price of US\$1.00	Exercise Price of US\$1.35	Exercise Price of US\$2.00
All executive officers and directors of Jushi Inc	Nil ⁽³⁾	Nil	5,098,000
All other employees of any subsidiaries of Jushi Inc.	300,000	825,000	1,560,000
All consultants of Jushi Inc	N/A	N/A	N/A
Any other person.	Nil	N/A	

Notes:

- (1) The Resulting Issuer Options outstanding have a 10-year term and generally have the following vesting conditions: 1/3 of the Subordinate Voting Shares subject to the options will vest on the 1st anniversary of the date of grant, 1/3 of the Subordinate Voting Shares subject to the options will vest on the 2nd anniversary of the date of grant and 1/3 of the Subordinate Voting Shares subject to the options will vest on the 3rd anniversary of the date of grant.
- (2) Does not include restricted stock purchased by members of senior management under the Equity Incentive Plan. Such restricted stock is included in the Subordinate Voting Shares outstanding in the charts above.
- (3) Does not include the 2,796,152 options that were accelerated and exercised upon the closing of the Business Combination.

Equity Incentive Plan

On April 29, 2019, shareholders of Tanzania approved the Equity Incentive Plan, the principal terms of which are described below.

Purpose

The purpose of the Equity Incentive Plan is to: (i) promote and retain employees, directors and consultants capable of assuring the future success of the Resulting Issuer and its affiliated companies; (ii) motivate management to achieve long-range goals; and (iii) to provide compensation and opportunities for ownership and alignment of interests with the Resulting Issuer shareholders.

The Equity Incentive Plan permits the grant of (i) NQSOs and ISOs (collectively, “**Options**”); (ii) restricted stock awards; (iii) RSUs; (iv) SARs; and (v) other awards, which are referred to herein collectively as “**Awards**”, as more fully described below. Pursuant to the Equity Incentive Plan, the Resulting Issuer Board may delegate some or all of the administration of the Equity Incentive Plan to a committee or committees. The Equity Incentive Plan is currently administered by the Resulting Issuer Board, and the Resulting Issuer Board has delegated to the Compensation Committee the ability to grant Options to newly hired individuals.

Eligibility

Any of the employees, officers, directors, and consultants of the Resulting Issuer (or of any of its affiliates) are eligible to participate in the Equity Incentive Plan if selected by the Compensation Committee of the Resulting Issuer (the “**Participant**”). The basis of participation of an eligible recipient of an Award under the Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive under the Equity Incentive Plan, will be determined by the Resulting Issuer Board and/or Compensation Committee based on their judgment as to the best interests of the Resulting Issuer and its shareholders, and therefore cannot be determined in advance.

The maximum number of Subordinate Voting Shares that may be issued under the Equity Incentive Plan shall be determined by the Resulting Issuer Board from time to time, but in no case shall exceed, in the aggregate, 15% of the number of Subordinate Voting Shares (including the number of Subordinate Voting Shares underlying the Multiple Voting Shares and Super Voting Shares on an “as if converted” basis) then outstanding. Any shares subject to an Award under the Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the Equity Incentive Plan. No financial assistance or support agreements may be provided by the Resulting Issuer in connection with grants under the Equity Incentive Plan.

In the event of any change that is made in, or other events that occur with respect to, the Subordinate Voting Shares subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Resulting issuer through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), the Resulting Issuer Board may (and in some cases, shall) adjust, as appropriate in order to prevent dilution or enlargement of, the rights of Participants under the Equity Incentive Plan, to (i) the number and kind of securities which may thereafter be issued in connection with Awards, (ii) the number and kind of securities that may be issued pursuant to the exercise of ISOs, and (iii) the number and kind of shares issuable in respect of outstanding Awards.

Awards

Options

The Resulting Issuer Board or Compensation Committee, in the case of a new hire, is authorized to grant Options under the Equity Incentive Plan to purchase Subordinate Voting Shares that are either ISOs meaning they are intended to satisfy the requirements of Section 422 of the Code, or NQSOs, not intended to satisfy the requirements of Section 422 of the Code; provided, however, that eligibility to receive an Award of ISOs is limited to employees of the Resulting Issuer or any subsidiary corporation of the Resulting Issuer. Consultants and non-employee directors are not eligible to receive ISOs. Unless the Resulting Issuer Board or Compensation Committee determines otherwise in the case of an Option substituted for another Option in connection with a corporate transaction, the exercise price of an Option will not be less than the fair market value (as determined under the Equity Incentive Plan) of the shares at the time of grant. Options will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Compensation Committee and specified in the applicable award agreement. The maximum term of an Option will be ten years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder). Payment in respect of the exercise of an Option may be made in cash or by check, or by such other method as the Resulting Issuer Board or Compensation Committee may determine to be appropriate, including by loan or other extension of credit from the Resulting Issuer (or an affiliate), by surrender of unrestricted shares (at their fair market value on the date of exercise) and other cashless exercise arrangements. The Resulting Issuer Board or Compensation Committee may, in its discretion, accelerate the vesting

and exercisability of Options. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Board or Compensation Committee, upon a Participant's termination of service with the Resulting Issuer the unvested portion of an Option will be forfeited.

Restricted Stock

A restricted stock award is a grant of Subordinate Voting Shares, which are subject to forfeiture restrictions during a restriction period. The Resulting Issuer Board or Compensation Committee will determine the price, if any, to be paid by the Participant for each Subordinate Voting Share subject to a restricted stock award. If any payment is required, it may be paid in cash, by check, or by such other method as the Resulting Issuer Board or Compensation Committee may determine to be appropriate, including by surrender of unrestricted shares or by loan or other extension of credit from the Resulting Issuer (or an affiliate). The Resulting Issuer Board or Compensation Committee may condition the expiration of the restriction period, if any, upon: (i) the Participant's continued service over a period of time with the Resulting Issuer or its affiliates; (ii) the achievement by the Participant, the Resulting Issuer or its affiliates of any other performance goals set by the Compensation Committee; or (iii) any combination of the above conditions as specified in the applicable award agreement. If the specified conditions are not attained, the Participant will forfeit the portion of the restricted stock award with respect to which of those conditions are not attained, and the underlying Subordinate Voting Shares will be forfeited or repurchased. At the end of the restriction period, if the conditions (if any) have been satisfied, the restrictions imposed will lapse with respect to the applicable number of Subordinate Voting Shares. During the restriction period, unless otherwise provided in the applicable award agreement, a Participant will have the right to vote the shares underlying the restricted stock and dividends will be paid as determined by the Resulting Issuer Board or Compensation Committee. The Resulting Issuer Board or Compensation Committee may, in its discretion, accelerate the vesting and delivery of shares of restricted stock. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Board or Compensation Committee, upon a Participant's termination of service with the Resulting Issuer or its affiliates, the unvested portion of a restricted stock award will be forfeited or repurchased.

RSUs

RSUs are granted in reference to a specified number of Subordinate Voting Shares and entitle the holder to receive, on achievement of specific performance goals established by the Resulting Issuer Board or Compensation Committee, after a period of continued service with the Resulting Issuer or its affiliates or any combination of the above as set forth in the applicable award agreement, one Subordinate Voting Share for each such Subordinate Voting Share covered by the RSU; provided, that the Resulting Issuer Board or Compensation Committee may elect to pay cash, or part cash and part Subordinate Voting Shares in lieu of delivering only Subordinate Voting Shares. The Resulting Issuer Board or Compensation Committee will determine the consideration, if any, to be paid by the Participant for each Subordinate Voting Share subject to an RSU. If any payment is required, it may be paid in any form of legal consideration that may be acceptable to the Resulting Issuer Board or Compensation Committee, including by loan or other extension of credit from the Resulting Issuer (or an affiliate). The Resulting Issuer Board or Compensation Committee may, in its discretion, accelerate the vesting of RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Board or Compensation Committee, upon a Participant's termination of service with the Resulting Issuer or its affiliates, the unvested portion of the RSUs will be forfeited. RSU holders will not have any shareholder rights, including voting or dividend rights, with respect to their RSUs until Subordinate Voting Shares are issued in settlement of such RSUs; provided that the Resulting Issuer Board or Compensation Committee may provide for dividend equivalents, subject to applicable terms and conditions. The Resulting Issuer Board or Compensation Committee may, in its discretion, accelerate the vesting of RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Board or Compensation Committee, upon a Participant's termination of service with the Resulting Issuer and its affiliates, the unvested portion of an RSU award will be forfeited.

Stock Appreciation Rights

A SAR entitles the recipient to receive, upon exercise of the SAR, a payment in an amount equal to the increase in the fair market value of a specified number of Subordinate Voting Shares from the date of the grant of the SAR and the date of exercise payable in Subordinate Voting Shares. Any grant may specify a vesting period or periods before the SAR may become exercisable and permissible dates or periods on or during which the SAR shall be exercisable. No SAR may be exercised more than ten years from the grant date. Upon a Participant's termination of service with

the Resulting Issuer and its affiliates, the same general conditions applicable to Options as described above would be applicable to the SAR. Resulting Issuer Board or Compensation Committee may, in its discretion, accelerate the vesting of SARs. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Board or Compensation Committee, upon a Participant's termination of service with the Resulting Issuer and its affiliates, the unvested portion of an SAR will be forfeited.

Substitute Awards

If the Resulting Issuer or an affiliate acquires another company by merger, consolidation, stock purchase or asset purchase (an “**Acquired Entity**”), the Board may authorize the grant of Substitute Awards to current and former employees, directors and consultants of the Acquired Entity in substitution for stock and stock-based awards (“**Acquired Entity Awards**”) held by the current and former employees, directors or consultants of the Acquired Entity to in order to preserve the economic value of the Acquired Entity Awards, subject to Canadian securities laws. The number of shares and the exercise price or purchase price (if applicable) underlying the Substitute Awards will be adjusted as the Resulting Issuer Board determines necessary to achieve preservation of economic value.

General

The Resulting Issuer Board or Compensation Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the Equity Incentive Plan shall be non-transferable except by will or by the laws of descent and distribution.

In general, no Participant shall have any rights as a shareholder with respect to Subordinate Voting Shares covered by Options, SARs, or RSUs, unless and until such Awards are settled in Subordinate Voting Shares.

No Option (or, if applicable, SARs) shall be exercisable, no Subordinate Voting Shares shall be issued, no certificates for Subordinate Voting Shares shall be delivered and no payment shall be made under the Equity Incentive Plan except in compliance with all applicable laws.

The Resulting Issuer Board may amend, alter, suspend, discontinue or terminate the Equity Incentive Plan and the Resulting Issuer Board may amend any outstanding Award at any time; provided that (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Resulting Issuer's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Equity Incentive Plan (including, without limitation, as necessary to comply with any rules or requirements of an applicable securities exchange), and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event of a change in control, as defined in the Equity Incentive Plan, the Resulting Issuer Board may, in its sole discretion, cause any (or a combination) of the following to be effective upon the consummation of the change in control (or effective immediately prior to the consummation of the change in control, provided that the consummation of the change in control subsequently occurs):

- terminate the Award, whether or not vested, in exchange for cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of such Award or upon lapse of any restriction period as determined by the Resulting Issuer Board);
- cause the successor or survivor corporation, or its parent company to assume the Award or to substitute the Award for similar awards for the stock of the successor or survivor corporation, or its parent company, with appropriate adjustments as to the number and kind of shares and prices;
- accelerate the time period during which Options and SARs may be exercised so that such Options and SARs may be exercised prior to the consummation of the change in control
- accelerate vesting and settlement of the Award and cause any or all forfeiture conditions to lapse; or
- terminate any Award that is not vested or cannot be exercised prior to the consummation of the change in control.

Tax Withholding

The Resulting Issuer may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

Escrowed Securities

Based on the SR Offering Price, which was used in connection with the SR Offering and the number of shares of the Resulting Issuer outstanding, the Resulting Issuer has a market capitalization of at least \$100 million, based on the total amount of issued and outstanding shares of the Resulting Issuer, being 103,053,812 (on an “as-converted” basis for the Multiple Voting Shares and Super Voting Shares) multiplied by the SR Offering Price (US\$2.75), and would be an exempt issuer under section 3.2(b) of National Policy 46-201 – *Escrow for Initial Public Offerings*. As such, the NEO Exchange did not require an escrow period. The only restriction is that directors, officers, insiders have entered into lock-up agreements with the Agents pursuant to which such parties have agreed, subject to customary carve-outs and exceptions, that their Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares, as applicable, and the securities convertible thereinto, or any securities issuable in exchange therefor, will be released in tranches over a period of sixteen (16) months from the date the Subordinate Voting Shares are listed on the NEO Exchange. Certain significant shareholders expected to hold over 100,000 Subordinate Voting Shares have also entered into lock-up agreements, subject to customary carve-outs and exceptions, with Jushi to have such Subordinate Voting Shares released in tranches over a period of twelve (12) months from the date the Subordinate Voting Shares are listed on the NEO Exchange.

Auditor, Transfer Agent and Registrar

The auditor of the Resulting Issuer is MNP LLP. The transfer agent and registrar of the Resulting Issuer is Odyssey at its Vancouver office, located at the United Kingdom Building, 323-409 Granville Street, Vancouver, British Columbia V6C 1T2.

PART V RISK FACTORS

An investment in Tanzania, Jushi and the Resulting Issuer is subject to various risks and should be considered highly speculative.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this Filing Statement, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of Tanzania and Jushi consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of Tanzania, Jushi or the Resulting Issuer.

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with Tanzania, Jushi or the Resulting Issuer’s business, actually occur, Tanzania, Jushi or the Resulting Issuer’s assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. In such circumstances, the price of Tanzania, Jushi or the Resulting Issuer’s securities could decline and investors may lose all or part of their investment. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Filing Statement.

Risks Related to the Business Combination

There can be no certainty that the Business Combination will be completed

Completion of the Business Combination is subject to a number of conditions, certain of which may be outside the control of Tanzania, including, without limitation, the requisite approvals of the Tanzania Shareholders, the NEX and the NEO Exchange. There can be no assurance, nor can Tanzania provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied or that the Business Combination will be completed as

currently contemplated or at all. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of the Resulting Issuer.

If the Business Combination is not completed, the value of the Tanzania Shares may decline to the extent that the current value reflects a market assumption that the Business Combination will be completed. In addition, Tanzania and Jushi will each remain liable for significant consulting, accounting and legal costs relating to the Business Combination and will not realize anticipated benefits of the Business Combination. If the Business Combination is not completed and the Tanzania Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party that will agree to equivalent or more attractive terms than those of the Definitive Agreement.

Possible termination of the Definitive Agreement

Each of Tanzania and Jushi has the right to terminate the Definitive Agreement and the Business Combination in certain circumstances. Accordingly, there is no certainty, nor can Tanzania provide any assurance, that the Definitive Agreement will not be terminated by either Tanzania or Jushi before the completion of the Business Combination. See “*Part III – The Business Combination – The Definitive Agreement – Termination*” above.

Certain costs related to the Business Combination, such as consulting, accounting and legal fees must be paid by Tanzania and Jushi even if the Business Combination is not completed.

Following the completion of the Business Combination, the Resulting Issuer will issue additional equity securities

Following the completion of the Business Combination, the Resulting Issuer is expected to issue equity securities to finance its activities. If the Resulting Issuer were to issue additional equity securities, the ownership interest of existing shareholders may be diluted and some or all of the Resulting Issuer’s financial measures on a per share basis could be reduced. Moreover, as the Resulting Issuer’s intention to issue additional equity securities becomes publicly known, the price of the Subordinate Voting Shares may be materially adversely affected.

While the Business Combination is pending, Tanzania is restricted from taking certain actions

The Definitive Agreement restricts Tanzania from taking specified actions until the Business Combination is completed without the consent of Jushi. These restrictions may prevent Tanzania from pursuing attractive business opportunities that may arise prior to the completion of the Business Combination.

Risks Related to Jushi and the Business of the Resulting Issuer

U.S. federal law and enforcement of cannabis and hemp

Currently, all but four states have enacted laws to permit patients to access some form of cannabis for medical purposes. Thirteen of those states permit only the use of low-THC, high-CBD cannabis products. Ten states plus the District of Columbia also have laws that allow cannabis use by adults for non-medical purposes. Several other states are considering legalizing cannabis for medical or adult use purposes.

Conversely, under the CSA, the U.S. Government lists cannabis (marijuana) as a Schedule I controlled substance (i.e., deemed to have no medical value), and accordingly the manufacture (growth), sale, or possession of cannabis is federally illegal. It is also federally illegal to advertise the sale of cannabis or to sell paraphernalia designed or intended primarily for use with cannabis, unless the paraphernalia is authorized by federal, state, or local law. The U.S. Supreme Court ruled in *U.S. v. Oakland Cannabis Buyers’ Coop.*, 532 U.S. 483 (2001), and *Gonzales v. Raich*, 545 U.S. 1 (2005), that the federal government has the right to regulate and criminalize cannabis, even for personal medical purposes.

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, significant penalties, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on Jushi and the Resulting Issuer, including their reputation and ability to conduct business, their holding (directly or indirectly) of medical

cannabis licenses in the U.S., the listing of their securities on various stock exchanges, the settlement of trades of their securities, their ability to obtain banking services, their financial position, operating results, profitability or liquidity or the market price of publicly traded shares. In addition, it is difficult for Jushi and the Resulting Issuer to estimate the time or resources that would be needed for the investigation of any such matters or their 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.

Under the Obama administration in 2013, the DOJ issued the Cole Memo, which gave U.S. Attorneys discretion not to enforce federal law in states with legalization regimes that adequately addressed the eight federal priorities of preventing: the distribution of cannabis to minors; revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels; the diversion of cannabis from states where it is legal under state law in some form to other states; state authorized cannabis activities from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; violence and the use of firearms in the cultivation and distribution of cannabis; drugged driving and exacerbation of other adverse public health consequences associated with cannabis use; the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and cannabis possession or use on federal property. Noting that the DOJ was “committed to using its limited investigative and prosecutorial resources to address the most significant threat in the most effective, consistent, and rational way,” the Cole Memo served “as guidance to the Department attorneys in law enforcement to focus their enforcement resources and efforts, including prosecution, on persons or organizations whose conduct interferes with any one or more of these priorities, regardless of state law.”

On January 4, 2018, however, then as former Attorney General, Jeff Sessions rescinded the Cole Memo and other DOJ guidance on cannabis law enforcement. Sessions wrote that the CSA, the money laundering statutes, and the Bank Secrecy Act “reflect Congress’s determination that marijuana is a dangerous drug in that marijuana activity is a serious crime.” Instead of following the Cole Memo guidance, “prosecutors should follow the well-established principles that govern all federal prosecutions... These principles 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.” The ramifications of this change in policy are unclear. Since the Cole Memo was rescinded, however, U.S. Attorneys have taken no legal action against state law compliant entities. In addition, Sessions resigned and left the DOJ, and Attorney General nominee William Barr testified in his nomination and subsequently wrote that, as Attorney General, he would not seek to prosecute companies that relied on the Cole Memo and are complying with state law.

The current uncertainty about federal enforcement is more acute with respect to the state adult use programs because federal law currently precludes federal interference with the state medical cannabis programs. Starting in December 2014, Congress included in its omnibus spending bill the Rohrabacher-Farr amendment (subsequently known as the Rohrabacher-Blumenauer amendment, and now known as the Joyce amendment), which prohibits the DOJ and the Drug Enforcement Administration from using funds to interfere with state medical cannabis programs “to prevent...States from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana.” Courts have interpreted the protection to preclude any prosecution against those in strict compliance with state medical cannabis laws. While the Joyce protection prevents prosecutions, it does not make cannabis legal. Accordingly, the U.S. Appellate Court for the Ninth Circuit noted in a footnote that, if the protection were lifted, the federal government could prosecute any conduct within the statute of limitations. In other words, if Congress does not renew the Joyce protection, the federal government could commence prosecuting cannabis companies for any activity occurring within the statute of limitations even if the Joyce protection was in place when the federally illegal activity occurred.

The Joyce protection depends on its continued inclusion in the federal omnibus spending bill, or inclusion in some other legislation, and entities’ strict compliance with the state medical cannabis laws. That protection has been extended through the most recent spending bill.

Until Congress changes the law with respect to medical cannabis and particularly if the Congress does not extend the Joyce protection of state medical cannabis programs, there is a risk that federal authorities may enforce current federal cannabis law, and Jushi and the Resulting Issuer may be found to violate federal law by growing, processing, possessing, and selling cannabis, by possessing and selling drug paraphernalia, and by laundering the proceeds of the sale of cannabis or otherwise violating the money laundering laws or the Bank Secrecy Act. Active enforcement

of the current federal regulatory position on cannabis may thus directly or indirectly adversely affect Jushi and the Resulting Issuer's revenues and profits.

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

Regardless of the federal government's criminal enforcement, federal prohibition otherwise can negatively affect businesses involved in the cannabis industry for several reasons including that: most banks refuse to serve cannabis companies, making banking and other financial transactions difficult; businesses trafficking in cannabis may not take tax deductions for costs beyond costs of goods sold under Section 280E of the Tax Code; cannabis businesses have restricted intellectual property rights particularly with respect to obtaining trademarks and enforcing patents; and cannabis businesses may face court action by third parties under the Racketeer Influenced and Corrupt Organizations Act. Any of these risks could make it difficult for Jushi and the Resulting Issuer to operate or could impact their profitability. In addition, cannabis businesses cannot avail themselves of federal bankruptcy protection and face fewer and generally more expensive options for insurance coverage.

Investors should understand that there is no guarantee that the current administration will not change federal enforcement policy or execution in the future. Additionally, any new administration or attorney general could change this policy and decide to enforce the federal laws more strongly. A change in the federal approach towards enforcement could negatively affect the industry, potentially ending it entirely. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to Jushi and the Resulting Issuer. The legal uncertainty and possible future changes in law could negatively affect Jushi and the Resulting Issuer's existence, expansion plans, revenues, profits, and success generally.

Until recently, hemp (defined as *Cannabis sativa* L. with a THC concentration of not more than 0.3 percent on a dry weight basis) and hemp's extracts (except mature stalks, fiber produced from the stalks, oil or cake made from the seeds, and any other compound, manufacture, salt derivative, mixture, or preparation of such parts) were illegal Schedule I controlled substances under the CSA. The 2014 Farm Bill legalized the cultivation of industrial hemp for research under programs established by states. The majority of states established programs purportedly in compliance with the 2014 Farm Bill. Many industry participants and even states interpreted the law to include "research" into commercialization and commercial markets.

In December 2018, the U.S. government changed the legal status of hemp. The 2018 Farm Bill, removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly the production, sale, and possession of hemp or extracts of hemp including CBD no longer violate the CSA. For hemp farmers and hemp product producers, the law expands banking options, expands IP protection and enforceability, decreases tax liabilities, and makes crop insurance available. The law also grandfathers 2014 Farm Bill industrial hemp research programs for at least one year.

Notably, the 2018 Farm Bill did not make hemp nationally legal and did not even implement the legalization in permissive states. States can still prohibit hemp or limit hemp more stringently than the federal regulations will, although hemp may pass through all states, regardless of the particular state's law on growth and sales. The 2018 Farm Bill directs the USDA to create federal regulations and to set the framework for states to regulate their regulations. No timing for that has been set. Following the USDA issuing the draft regulations, there will be a notice and comment period for 30-180 days. For states choosing to permit and regulate hemp and hemp extracts, the state department of agriculture, in consultation with the state's governor and chief law enforcement officer, will devise a plan, which the USDA must approve. For states permitting, but opting out of regulating, hemp, the USDA must construct a regulatory program under which hemp cultivators must apply for licenses and comply with the federally run program. Federal requirements for producers will include maintaining information about land and procedures for testing THC levels and disposing of hemp or byproducts that exceed 0.3% THC. The consequences for negligent violations are fairly light. "Other violations" will be reported to the local U.S. Attorney and the state's chief law enforcement officer.

The section of the 2018 Farm Bill establishing a framework for hemp production also states explicitly that it does not affect or modify the FDCA, section 351 of the Public Health Service Act (addressing the regulation of biological products), the authority of the Commissioner of the FDA under those laws, or the Commissioner's authority to regulate hemp production under those laws.

Within hours of President Trump signing the 2018 Farm Bill, FDA Commissioner Scott Gottlieb, who subsequently and recently resigned from the FDA, issues a statement reminding the public of the FDA's continued authority "to regulate products containing cannabis or cannabis-derived compounds under the [FDCA] and section 351 of the Public Health Service Act." (Statement, dated Dec. 20, 2018, available at <https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm628988.htm>.) He continued: "additionally, it's unlawful under the FD&C Act to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products, as, or in, dietary supplements, regardless of whether the substances are hemp-derived," because CBD had entered the FDA's jurisdiction when GW Pharmaceuticals submitted Sativex and Epidiolex, both containing CBD as an active ingredient, for testing.

The memo added that any cannabis product, whether derived from hemp or otherwise, marketed with a disease claim (e.g., therapeutic benefit, disease prevention) must be approved by the FDA for its intended use through one of the drug approval pathways prior to being introduced into interstate commerce. Notably, the FDA can look beyond the express claims to find that a product is a "drug." The definition of "drug" under the FDCA includes, in relevant part, "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals" as well as "articles intended for use as a component of [a drug as defined in the other sections of the definition]." 21 U.S.C. § 321(g)(1). In determining "intended use," FDA has traditionally looked well beyond a product's actual label to statements made on websites, on social media, or orally by representatives of the company. Gottlieb did acknowledge that hemp foods not containing CBD or THC are legal: hulled hemp seeds, hemp seed protein, hemp seed oil.

Notably, the FDA could take similar action on products with THC if the federal government ever similarly legalized cannabis.

Enforcement under the FDCA may be criminal or civil in nature and can include those who aid and abet a violation, or conspire to violate, the FDCA. Violations of the FDCA (21 U.S.C. § 331 (Prohibited acts)) are for first violations misdemeanors punishable by imprisonment up to one year or a fine or both and for second violations or violations committed with an "intent to defraud or mislead" felonies punishable by fines and imprisonment up to three years. 21 U.S.C. § 333(a). The fines provided for in 21 U.S.C. § 333(a) are low (US\$1000 and US\$3000), but under the Criminal Fine Improvements Act of 1987 the criminal fines can be increased significantly (approximately US\$100,000-US\$500,000). Civil remedies under the FDCA include civil money penalties (see, e.g., 21 U.S.C. §333(b) and (f)(2)A), 21 C.F.R. §17.1), injunctions, and seizures (21 U.S.C. §334). FDA also has a number of administrative remedies, e.g., warning letters, recalls, debarment. The FDA has limited its recent enforcement against companies selling CBD products to cease and desist letters with respect to false health claims or ingredient lists. In the recent statement, Commissioner Gottlieb indicated that the FDA will continue to focus enforcement on unapproved health claims (therapeutic benefit/disease claims).

U.S. border officials could deny entry into the U.S. to employees of, or investors in companies with cannabis operations in the U.S.

Since cannabis remains illegal under U.S. federal law, those employed at or investing in legal and licensed cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with U.S. cannabis businesses. Entry happens at the sole discretion of the U.S. Customs and Border Protection (the "CBP") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The Government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. In addition, business or financial involvement in the legal cannabis industry in the U.S. could also be reason enough for U.S. border guards to deny entry. On September 21, 2018, the CBP released a statement outlining its current position with respect to enforcement of the laws of the U.S. It stated that the CBP enforcement of U.S. laws regarding controlled substances has not changed and because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal may affect admissibility to the U.S. As a result, the CBP has affirmed that, a Canadian citizen working in or facilitating

the proliferation of the legal cannabis industry in Canada, coming to the U.S. for reasons unrelated to the cannabis industry, will generally be admissible to the U.S. However, if a traveler is found to be coming to the U.S. for reasons related to the cannabis industry, they may be deemed inadmissible.

Difficulty in accessing services of banks and/or other financial institutions

Financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statute and the Bank Secrecy Act. Previous guidance issued by the FinCEN, a division of the U.S. Department of the Treasury, clarifies how financial institutions can provide services to cannabis-related businesses consistent with their obligations under the Bank Secrecy Act. Prior to the DOJ's announcement in January 2018 of the rescission of the Cole Memo and related memoranda, supplemental guidance from the DOJ directed federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memo when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. It is unclear what impact the rescission of the Cole Memo will have, but federal prosecutors may increase enforcement activities against institutions or individuals that are conducting financial transactions related to cannabis activities. The increased uncertainty surrounding financial transactions related to cannabis activities may also result in financial institutions discontinuing services to the cannabis industry.

Consequently, those businesses involved in the regulated medical-use cannabis industry continue to encounter difficulty establishing banking relationships, which may increase over time. Jushi and the Resulting Issuer's inability to maintain their current bank accounts would make it difficult for Jushi and the Resulting Issuer to operate their businesses, increase their operating costs, and pose additional operational, logistical and security challenges and could result in its inability to implement their business plans.

Difficulty accessing public and private capital

While Jushi and the Resulting Issuer are not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, they currently have access to equity financing through the private markets in Canada and the U.S. Since the use of marijuana is illegal under U.S. federal law, and in light of concerns in the banking industry regarding money laundering and other federal financial crime related to marijuana, U.S. banks have been reluctant to accept deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. Likewise, marijuana businesses have limited access, if any, to credit card processing services. As a result, marijuana businesses in the U.S. are largely cash-based. This complicates the implementation of financial controls and increases security issues.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and businesses similar to Jushi and the Resulting Issuer. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to Jushi and the Resulting Issuer when needed or on terms which are acceptable to Jushi and the Resulting Issuer. Jushi and the Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Lack of access to U.S. bankruptcy protections

Because the use of medical cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If Jushi or the Resulting Issuer were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to Jushi or the Resulting Issuer, which could have a material adverse effect on the financial condition and prospects of their businesses and on the rights of lenders to and securityholders of Jushi or the Resulting Issuer.

Risks related to heightened scrutiny by regulatory authorities

For the reasons set forth above, Jushi and the Resulting Issuer's existing operations in the U.S., and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the U.S. As a result, Jushi and the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Jushi or the Resulting Issuer's ability to operate or invest in the U.S. or any other jurisdiction, in addition to those restrictions described herein. It had been reported in Canada that the Canadian Depository for Securities Limited was considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have activities in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis related activities in the U.S., despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a MOU with the NEO Exchange, the Canadian Securities Exchange, the Toronto Stock Exchange, and the TSXV. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers.

As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Subordinate Voting Shares or other securities of the Resulting Issuer are listed on a stock exchange, it would have a material adverse effect on the ability of holders of the Subordinate Voting Shares or such other securities to make and settle trades. In particular, the Subordinate Voting Shares or such other securities would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Subordinate Voting Shares or such other securities through the facilities of the applicable stock exchange.

Risks related to operating in a highly regulated industry

Some state requirements may prove to be excessively onerous or otherwise impracticable for Jushi and the Resulting Issuer to comply with, which may have the result of excluding such business opportunities from the list of possible qualifying transactions that Jushi and the Resulting Issuer would otherwise consider.

In addition, laws and regulations affecting the U.S. cannabis industry are continually changing, which could detrimentally affect the operations of Jushi and the Resulting Issuer. Local, state, and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require Jushi and the Resulting Issuer to incur substantial costs associated with compliance or alter their business plan. In addition, violations of these laws, or allegations of such violations, could disrupt Jushi and the Resulting Issuer's businesses and result in material adverse effect on their operations.

Successful execution of Jushi and the Resulting Issuer's strategies are contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of their products, including maintaining and renewing all applicable licenses. The commercial cannabis industry is still a nascent industry, and Jushi and the Resulting Issuer cannot predict the impact of the compliance regime to which they will be subject. Similarly, Jushi and the Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals for any of their products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of Jushi and the Resulting Issuer. Without limiting the foregoing, failure to comply with the requirements of any underlying licenses or any failure to maintain any underlying licenses would have a material adverse impact on the business, financial condition and operating results of Jushi and the Resulting Issuer. There can be no guarantees that any required

licenses for the operation of our business will be extended or renewed in a timely manner, if at all, or that if they are extended or renewed, that the licenses will be extended or renewed on the same or similar terms.

Jushi and the Resulting Issuer will incur ongoing costs and obligations related to regulatory compliance, and such costs may prove to be material. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on Jushi and the Resulting Issuer's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Jushi and the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on Jushi and the Resulting Issuer.

Risks related to events or developments in the cannabis industry

Damage to Jushi and the Resulting Issuer's reputations could be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Cannabis has often been associated with various other narcotics, violence and criminal activities, the risk of which is that Jushi and the Resulting Issuer's businesses may attract negative publicity. There is also risk that the action(s) of other participants, companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact the reputations of Jushi and the Resulting Issuer. The increased use of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the cannabis companies and their activities, whether true or not and the cannabis industry in general, whether true or not. Jushi and the Resulting Issuer do not ultimately have direct control over how they or the cannabis industry is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to Jushi and the Resulting Issuer's overall abilities to advance their business strategy and realize on their growth prospects, thereby having a material adverse impact on Jushi and the Resulting Issuer.

Risks related to being deemed an investment company under the U.S. Investment Company Act

Jushi and the Resulting Issuer may be deemed an investment company under the Investment Company Act, as amended, and thus subject to regulation under such act, and maintenance of their exclusion or an exemption from such status may impose significant limits on their operations. Your investment return may be reduced if Jushi and the Resulting Issuer are required to register as an investment company under the Investment Company Act.

Jushi and the Resulting Issuer intend to conduct their operations so that they are not deemed an investment company under the Investment Company Act, or, in the alternative, so that Jushi and the Resulting Issuer may rely on an exemption from registration as an investment company under the Investment Company Act. It is possible that Jushi and the Resulting Issuer may not be able to maintain the mix of assets, or other characteristics, necessary to qualify for an exclusion or exemption, and attempts to maintain such exclusions or exemptions, may impair, perhaps materially, their ability to pursue otherwise attractive investments. These rules are subject to change, and such changes may have an adverse impact on Jushi and the Resulting Issuer. In the future, Jushi and the Resulting Issuer may need to avail themselves of alternative exclusions and exemptions which may require a change in the organization structure of their businesses.

Failure to maintain their exclusion or an exemption would require Jushi and the Resulting Issuer to significantly restructure their investment strategies. For example, because affiliate transactions are generally prohibited under the Investment Company Act, Jushi and the Resulting Issuer would not be able to enter into transactions with any of their affiliates if they are required to register as an investment company, and Jushi and the Resulting Issuer might be required to terminate the management agreement and any other agreements with affiliates, which could have a material adverse effect on our ability to operate their businesses and pay distributions. If Jushi and the Resulting Issuer were required to register as investment companies but failed to do so, they would be prohibited from engaging in their businesses, and could be subject to criminal and civil actions. In addition, Jushi and the Resulting Issuer's contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of Jushi and the Resulting Issuer and liquidate their businesses.

Risks related to negative publicity or consumer perception

The public's perception of cannabis may significantly impact the cannabis industry's success. Both the medical and adult use of cannabis are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical and adult use cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of cannabis, whether in the U.S. or internationally, may have a material adverse effect on Jushi and the Resulting Issuer's operational results, consumer bases, and financial results. Among other things, such a shift in public opinion could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which Jushi and the Resulting Issuer could identify potential acquisition opportunities.

Risks related to relationships with third parties

The parties with which Jushi and the Resulting Issuer may do business may perceive that they are exposed to reputational risk as a result of Jushi and the Resulting Issuer's cannabis-related business activities. Failure to establish or maintain business relationships due to reputational risk arising in connection with the nature of Jushi and the Resulting Issuer's businesses could have a material adverse effect on Jushi and the Resulting Issuer's businesses, financial conditions and results of operations.

Risks related to competition

Jushi and the Resulting Issuer expects to face intense competition in the cannabis industry, some of which can be expected to come from companies with longer operating histories and more financial resources, manufacturing and marketing experience than Jushi and the Resulting Issuer. In addition, there is potential that the cannabis industry will undergo consolidation, creating larger companies with financial resources and manufacturing and marketing capabilities and products that may sell better than those of Jushi and the Resulting Issuer. As a result of this competition, Jushi and the Resulting Issuer may be unable to maintain or develop their operations as currently proposed on terms they consider to be acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect Jushi and the Resulting Issuer's businesses, financial conditions and results of operations.

Risks associated with insurance in the cannabis industry

While Jushi and the Resulting Issuer believe they will be able to acquire adequate insurance coverage, such insurance will be subject to coverage limits and exclusions and may not be available for all risks and hazards to which Jushi and the Resulting Issuer may be exposed. No assurance can be given that such insurance will be adequate to cover Jushi and the Resulting Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Jushi and the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Jushi and the Resulting Issuer were to incur such liability at a time when it is not able to obtain liability insurance, they could be materially adversely affected.

There can be also no assurances that Jushi and the Resulting Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of any of Jushi and the Resulting Issuer's potential products.

Risks related to U.S. anti-money laundering laws and regulations

Investments in the U.S. cannabis business are subject to a variety of laws and regulations that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the USA PATRIOT Act, other anti-money laundering laws, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S.

In February 2014, the U.S. Treasury Department FinCEN issued the FinCEN Memo providing guidance to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo outlined circumstances under which banks may provide services to cannabis related businesses without risking prosecution for violation of the U.S. Bank Secrecy Act. It outlines due diligence and reporting requirements, which most banks have viewed as onerous. The Treasury Department has stated that the FinCEN Memo is current guidance but that the Department plans to issue revised guidelines on an unspecified future date.

In the event that any of Jushi and the Resulting Issuer's transactions, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such transactions in the U.S. were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of Jushi and the Resulting Issuer to declare or pay dividends or effect other distributions of funds.

Risks related to transportation

Jushi and the Resulting Issuer's businesses may involve, directly or indirectly, the production, sale and distribution of cannabis products. Due to the perishable nature of such products, Jushi and the Resulting Issuer may depend on fast and efficient third party transportation services to distribute their product. Any prolonged disruption of third party transportation services could have an adverse effect on Jushi and the Resulting Issuer. Rising costs associated with the third party transportation services which will be used by Jushi and the Resulting Issuer to ship their proposed products may also adversely impact the business of Jushi and the Resulting Issuer.

Risks related to rising energy costs

Jushi and the Resulting Issuer's businesses may involve, directly or indirectly, the production of cannabis products which will consume considerable energy, making Jushi and the Resulting Issuer vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of Jushi and the Resulting Issuer and their ability to operate profitably.

Risks related to the agricultural business

Jushi and the Resulting Issuer's businesses may involve, directly or indirectly, the growing of cannabis, which is an agricultural product. As such, the businesses may be subject to the risks inherent in the agricultural business, such as insects, plant diseases, inclement weather and other natural disasters and similar agricultural risks. Even when grown indoors under climate-controlled conditions monitored by trained personnel, there can be no assurance that natural elements, such as insects and plant diseases, will not have a material adverse effect on the production of cannabis products and on Jushi and the Resulting Issuer.

Risks related to environmental regulations

Participants in the cannabis industry are subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Jushi and the Resulting Issuer.

Risks related to government approvals and permits

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Jushi and the Resulting Issuer may be required to compensate those suffering loss or damage by reason of their operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Risks related to differences in regulatory requirements across state jurisdictions

Traditional business rules may prove to be imperfect in the cannabis industry. For example, while it would be common for participants in the market to purchase companies in different states to reach economies of scale and to conduct business across state lines, that may not be feasible in the cannabis industry because of varying state-by-state legislation and the prohibition on cannabis passing over state lines. As no two regulated markets in the cannabis industry are exactly the same, doing business across state lines may not be possible or commercially practicable. As a result, Jushi and the Resulting Issuer may be limited to identifying opportunities in individual states, which may have the effect of slowing the growth prospects of Jushi and the Resulting Issuer.

Risks related to advertising and promotion

Jushi and the Resulting Issuer's future growth and profitability may depend on the effectiveness and efficiency of advertising and promotional costs, including their ability to (i) create brand recognition for any products they may develop or sell; (ii) determine appropriate advertising strategies, messages and media; and (iii) maintain acceptable operating margins on such costs. There can be no assurance that advertising and promotional costs will result in revenues for Jushi and the Resulting Issuer's businesses in the future or will generate awareness for any of Jushi and the Resulting Issuer's products. In addition, no assurance can be given that Jushi and the Resulting Issuer will be able to manage the advertising and promotional costs on a cost-effective basis.

The cannabis industry in the U.S., including both the medical and adult use cannabis markets, is in its early development stage and restrictions on advertising, marketing and branding of cannabis companies and products by various medical associations, governmental or quasi-governmental bodies or voluntary industry associations may adversely affect Jushi and the Resulting Issuer's ability to conduct sales and marketing activities and to create brand recognition, and could have a material adverse effect on Jushi and the Resulting Issuer's businesses.

Risks related to product liability regimes and strict product recall requirements

If it were to acquire a distributor of products designed to be ingested by humans, Jushi and the Resulting Issuer may face the risk of exposure to product liability claims, regulatory action and litigation if any of its businesses' products are alleged to have caused significant loss or injury. In addition, the sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. Jushi and the Resulting Issuer may be subject to various product liability claims, including, among others, that specific cannabis products caused injury or illness, or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Jushi and the Resulting Issuer could result in increased costs, could adversely affect our reputation with their clients and consumers generally, and could have a material adverse effect on Jushi and the Resulting Issuer.

In addition, manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. To the extent any products are recalled due to an alleged product defect or for any other reason, Jushi and the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Jushi and the Resulting Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Moreover, a recall for any of the foregoing reasons could lead to decreased demand and could have a material adverse effect on Jushi and the Resulting Issuer. Product recalls may lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Risks related to the development and sale of new products

The cannabis industry is in its early stages of development and Jushi and the Resulting Issuer, and their competitors, may seek to introduce new products in the future. In attempting to keep pace with any new market developments, Jushi and the Resulting Issuer may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by Jushi and the Resulting Issuer. Jushi and the Resulting

Issuer may also be required to obtain additional regulatory approvals from government agencies and any other applicable regulatory authorities, which may take significant amounts of time. Jushi and the Resulting Issuer may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on Jushi and the Resulting Issuer.

Risks related to intellectual property rights

The ownership and protection of intellectual property rights may be a significant aspect of Jushi and the Resulting Issuer's future success. Jushi and the Resulting Issuer may rely on trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. Jushi and the Resulting Issuer will try to protect such intellectual property by entering into confidentiality agreements with parties that have access to it, such as our partners, collaborators, employees and consultants. Any of these parties may breach these agreements and we may not have adequate remedies for any specific breach. In addition, trade secrets and technical know-how, which are not protected by patents, may otherwise become known to or be independently developed by competitors, in which event we could be materially adversely affected.

Unauthorized parties may attempt to replicate or otherwise obtain and use Jushi and the Resulting Issuer's products, trade secrets, technical know-how and proprietary information. Policing the unauthorized use of Jushi and the Resulting Issuer's future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as Jushi and the Resulting Issuer may be unable to effectively monitor and evaluate the products being distributed by their competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of Jushi and the Resulting Issuer's future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of Jushi and the Resulting Issuer, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of Jushi and the Resulting Issuer's future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly. Any or all of these events could materially and adversely affect the businesses, financial conditions and results of operations of Jushi and the Resulting Issuer.

In addition, other parties may claim that Jushi and the Resulting Issuer's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, Jushi and the Resulting Issuer may need to obtain licenses from third parties who allege that Jushi and the Resulting Issuer has infringed on their lawful rights. However, such licenses may not be available on terms acceptable to Jushi and the Resulting Issuer or at all. In addition, Jushi and the Resulting Issuer may not be able to obtain or utilize on terms that are favorable, or at all, licenses or other rights with respect to intellectual property that they do not own.

Risks related to information technology systems and cyber-attacks

Jushi and the Resulting Issuer's operations may depend, in part, on how well they and their suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Jushi and the Resulting Issuer's operations may also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact Jushi and the Resulting Issuer's reputations and results of operations. Jushi and the Resulting Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access may become a priority to ensure the ongoing success and security of the businesses. As cyber threats continue to evolve, Jushi and the

Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Risks related to management of growth

Jushi and the Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Jushi and the Resulting Issuer to manage growth effectively will require them to continue to implement and improve its operational and financial systems and to expand, train, and manage their employee base. The inability of Jushi and the Resulting Issuer to deal with this growth may have a material adverse effect on Jushi and the Resulting Issuer.

Risks associated with limited resources and competition for business opportunities

Jushi and the Resulting Issuer expect to encounter intense competition from other entities with similar business objectives, including other private investors, pension funds and private equity firms, prospective special purpose acquisition corporations and other entities, domestic and international, competing for the types of businesses Jushi and the Resulting Issuer intend to acquire. Many of these individuals and entities are well-established and have significant experience identifying and effecting, directly or indirectly, investments in companies operating in or providing services to various industries. Some of these competitors may possess greater technical, human and other resources and Jushi and the Resulting Issuer's financial resources will be relatively limited when contrasted with those of many of their competitors. While Jushi and the Resulting Issuer believe there are numerous target businesses and assets to potentially acquire, Jushi and the Resulting Issuer's ability to compete with respect to the opportunities in certain target businesses that are sizeable will be limited by their available financial resources.

Risks related to opportunities outside of management's area of expertise

Jushi and the Resulting Issuer may be presented with a target in a sector unfamiliar to its management team, but may determine that such candidate offers an attractive opportunity for Jushi and/or the Resulting Issuer. In the event Jushi and/or the Resulting Issuer elect to pursue an opportunity outside of their management's expertise, Jushi and/or the Resulting Issuer's management's experience may not be directly applicable to the target business or their evaluation of its operations.

Risks related to evaluating prospective target businesses

Although Jushi and the Resulting Issuer have identified specific criteria and guidelines for evaluating prospective target businesses, it is possible that a target business with which Jushi and/or the Resulting Issuer enters into a transaction will not have all of these positive attributes. If Jushi and/or the Resulting Issuer consummate a transaction with a target that does not meet some or all of these guidelines, such transaction may not be as successful in a business that does meet all of Jushi and the Resulting Issuer's general criteria and guidelines.

Risks related to researching transactions that are not consummated

Jushi and the Resulting Issuer anticipate that the investigation of each specific target business and the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and other experts. If Jushi and the Resulting Issuer decide not to complete a specific transaction, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if Jushi and/or the Resulting Issuer reach an agreement relating to a specific target business, Jushi and the Resulting Issuer may fail to consummate the transaction for any number of reasons, including those beyond their control. Any such event will result in a losses to Jushi and the Resulting Issuer of the related costs incurred which could materially adversely affect subsequent attempts to locate and acquire or merge with another business.

Risks related to loss of officers and directors

Jushi and the Resulting Issuer's operations will be dependent upon a relatively small group of individuals and, in particular, its officers and directors. Jushi and the Resulting Issuer believe that their success will depend on the continued service of their officers and directors. In addition, Jushi and the Resulting Issuer's officers and directors are not required to commit any specified amount of time to Jushi and the Resulting Issuer's affairs and, accordingly,

may have conflicts of interest in allocating management time among various business activities, including identifying potential acquisitions and monitoring the related due diligence. Jushi and the Resulting Issuer do not have key-man insurance on the life of, any of their directors or officers. The unexpected loss of the services of one or more of their directors or officers could have a detrimental effect on Jushi and the Resulting Issuer, their operations and their ability to make acquisitions.

Risks related to conflicts of interest

Jushi and the Resulting Issuer intend to engage in the business of identifying and combining with one or more businesses. Jushi and the Resulting Issuer's officers and directors may now be, or may in the future become, affiliated with entities that are engaged in a similar business.

Jushi and the Resulting Issuer's officers and directors also may become aware of business opportunities which may be appropriate for presentation to Jushi and the Resulting Issuer and the other entities to which they owe duties. In the course of their other business activities, Jushi and the Resulting Issuer's officers and directors may owe similar or other duties, and may have obligations, to other entities or pursuant to other outside business arrangements, including seeking and presenting investment and business opportunities. Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. These conflicts may not be resolved in Jushi and the Resulting Issuer's favor, as Jushi and the Resulting Issuer's officers and directors are not required to present investment and business opportunities to Jushi and the Resulting Issuer in priority to other entities with which they are affiliated or to which they owe duties.

Jushi and the Resulting Issuer have not adopted a policy that expressly prohibits its directors, officers, security holders, affiliates or associates from having a direct or indirect financial interest in any investment to be acquired or disposed of by Jushi and the Resulting Issuer or in any transaction to which it is a party or has an interest. In fact, even though it is not Jushi and the Resulting Issuer's current intentions to do so, they may enter into a transaction with a target business that is affiliated with Jushi and the Resulting Issuer's directors or officers.

Risks related to scientific research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in early stages. To Jushi and the Resulting Issuer's knowledge, there have been relatively few double-blind placebo-controlled clinical trials on the benefits of cannabis or isolated cannabinoids. Any statements made in this Filing Statement concerning cannabis' or cannabinoids' potential medical benefits are based on published articles and reports. As a result, any statements made in this Filing Statement are subject to the experimental parameters, qualifications, assumptions and limitations in the studies that have been completed.

Although Jushi and the Resulting Issuer believe that the articles and reports, and details of research studies and clinical trials that are publicly available reasonably support its beliefs regarding the medical benefits, viability, safety, efficacy and dosing of cannabis, future research and clinical trials may prove such statements to be incorrect or could raise concerns regarding and perceptions relating to cannabis. Given these risks, uncertainties and assumptions, prospective investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Filing Statement or reach negative conclusions regarding the viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could materially impact Jushi and the Resulting Issuer.

Results of future clinical research

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for Jushi or the Resulting Issuer's products with the potential to lead to a material adverse effect on Jushi or the Resulting Issuer's business, financial condition and results of operations.

Reliable data on the medical cannabis industry is not available

As a result of recent and ongoing regulatory and policy changes in the medical cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by Jushi and the Resulting Issuer of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of Jushi and the Resulting Issuer's management team as of the applicable date of such research and projections.

Risks related to key personnel and employees

The success of Jushi and the Resulting Issuer are currently largely dependent on the performance of its current management team (collectively, "**Key Persons**"). Jushi and the Resulting Issuer's future success depend on their continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and Jushi and the Resulting Issuer may incur significant costs to attract and retain them. In addition, Jushi and the Resulting Issuer's lean management structures may be strained as Jushi and the Resulting Issuer pursue growth opportunities in the future. The loss of the services of a Key Person, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on Jushi and the Resulting Issuer's ability to execute on their business plan and strategy, and Jushi and the Resulting Issuer may be unable to find adequate replacements on a timely basis, or at all.

Key Persons may be subject to applicable security clearances by regulatory agencies. Security clearances are valid for a limited period of time and must subsequently be renewed. There is no assurance that any of Jushi and the Resulting Issuer's personnel who may in the future require a security clearance will be able to obtain or renew such clearances, or that new personnel who require a security clearance will be able to obtain one. A failure by a Key Person to maintain or renew his or her security clearance could result in a material adverse effect on Jushi and the Resulting Issuer's businesses, financial conditions and results of operations. In addition, if a Key Person leaves Jushi and/or the Resulting Issuer and they are unable to find a suitable replacement that has the requisite security clearance in a timely manner, or at all, such delay or failure could result in a material adverse effect on Jushi and/or the Resulting Issuer.

Past performance not indicative of future results

The prior investment and operational performance of Jushi is not indicative of the future operating results of the Resulting Issuer. There can be no assurance that the historical operating results achieved by Jushi and its affiliates will be achieved by the Resulting Issuer, and the Resulting Issuer's performance may be materially different.

Risks related to newly incorporated companies

Jushi is a recently incorporated company. Because Jushi lacks an operating history, investors have no basis upon which to evaluate Jushi's ability to achieve its business objective of completing certain transactions with target businesses.

Risks Related to the Resulting Issuer

U.S. tax classification of the Resulting Issuer

The Resulting Issuer, which will be a Canadian corporation, is also expected to be classified for U.S. federal income tax purposes as a U.S. corporation under Section 7874 of the Code. Section 7874 of the Code contains rules that can cause a non-U.S. corporation to be taxed as a U.S. corporation for U.S. federal income tax purposes. Under section 7874 of the Code, a corporation created or organized outside the U.S. (i.e., a non-U.S. corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes if each of the following three conditions is met: (i) the non-U.S. corporation acquires, directly or indirectly, or is treated as acquiring under applicable U.S. Treasury Regulations, substantially all of the assets held, directly or indirectly, by a U.S. corporation or U.S. trade or business; (ii) after the acquisition, the former stockholders of the acquired U.S. corporation hold at least 80% (by vote or value) of the shares of the non-U.S. corporation by reason of holding shares of the U.S. acquired corporation, trade or business; and (iii) after the acquisition, the non-U.S. corporation's expanded affiliated group

does not have substantial business activities in the non-U.S. corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities.

It is expected that the Resulting Issuer will be treated as a U.S. corporation for U.S. federal income tax purposes under section 7874 of the Code and will, as a result, be subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes, the Resulting Issuer is expected, regardless of any application of section 7874 of the Code, to be treated as a Canadian resident company (as defined in the Tax Act) for Canadian income tax purposes. As a result, the Resulting Issuer will be subject to taxation both in Canada and the U.S., which could have a material adverse effect on its financial condition and results of operations. The Resulting Issuer may not qualify for certain U.S.-Canada income tax treaty benefits, which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Resulting Issuer will pay any dividends on the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purposes of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-U.S. tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may be unavailable.

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

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

Because the Subordinate Voting Shares, Multiple Voting Shares, and/or Super Voting Shares will be treated for U.S. tax purposes as shares of a U.S. domestic corporation, the U.S. gift, estate, and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares.

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

Risks related to restrictions on deductions of certain business expenses in accordance with 280E under U.S. tax laws

Section 280E of the U.S. Tax Code prohibits businesses trafficking in Schedule I or II controlled substances, including cannabis, even if legally under state law, from claiming tax deductions beyond costs of goods sold. Accordingly, Section 280E generally causes such businesses to pay higher effective U.S. federal tax rates than businesses in other industries. Jushi and the Resulting Issuer expect to be subject to Code Section 280E. The application of Code Section 280E to Jushi and the Resulting Issuer may adversely affect Jushi and the Resulting Issuer's profitability and, in fact, may cause Jushi and the Resulting Issuer to operate at a post-tax loss. While recent legislative proposals, if enacted into law, could eliminate or diminish the application of Code Section 280E to cannabis businesses, the enactment of any such law is uncertain.

Risks related to tax consequences

While the Resulting Issuer expects to undertake any merger or acquisition so as to minimize taxes both to the acquired business and/or asset and the Resulting Issuer, such a transaction might not meet the statutory requirements of a tax-deferred rollover for the Resulting Issuer or for its shareholders. A transaction that does not qualify for a tax-deferred rollover could result in the imposition of substantial taxes and may have other adverse tax consequences to the Resulting Issuer and/or its shareholders.

Risks related to Founder voting control

As a result of the Super Voting Shares that they are anticipated to hold, James Cacioppo, Erich Mauff and Jon Barack, are anticipated to collectively control the voting power in respect of the Resulting Issuer's outstanding shares upon completion of the Business Combination. The Subordinate Voting Shares are expected to be entitled to one vote per share and the Super Voting Shares are expected to be entitled to 1000 votes per share. As a result, James Cacioppo, Erich Mauff and Jon Barack are expected to have the ability to control the outcome of all matters submitted to the Resulting Issuer's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Resulting Issuer. If James Cacioppo, Erich Mauff or Jon Barack's employment with the Resulting Issuer is terminated or they resign from their positions with the Resulting Issuer, they will continue to have the ability to exercise the same significant voting power.

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

As proposed directors and officers of the Resulting Issuer, the Founders are anticipated to have control over the day-to-day management and the implementation of major strategic decisions of the Resulting Issuer, subject to authorization and oversight by the Resulting Issuer Board. As board members and officers, the Founders will owe a fiduciary duty to the Resulting Issuer's shareholders and will be obligated to act honestly and in good faith with a view to the best interests of the Resulting Issuer. As shareholders, even controlling shareholders, James Cacioppo, Erich Mauff and Jon Barack will be entitled to vote their shares, and shares over which they have voting control, in their own interests, which may not always be in the interests of the Resulting Issuer or the other shareholders of the Resulting Issuer.

Risks related to unpredictability caused by anticipated capital structure and Founder voting control

Although other Canadian-based companies have dual class or multiple voting share structures, given the unique capital structure contemplated in respect of the Resulting Issuer and the concentration of voting control that is anticipated to be held by the Founders, Jushi and Tanzania are not able to predict whether this structure and control 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 Resulting Issuer or other adverse consequences.

Risks related to additional financing

The Resulting Issuer will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Resulting Issuer's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Subordinate Voting Shares.

Depending on the availability of traditional banking services to the Resulting Issuer, the Resulting Issuer may enter into one or more credit facilities with one or more lenders in order to finance the acquisition of the Resulting Issuer's investments. It is anticipated that any such credit facility will contain a number of common covenants that, among other things, might restrict the ability of the Resulting Issuer to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make capital expenditures; (iv) make cash distributions; (v) create liens on assets; (vi) enter into leases, investments or acquisitions; (vii) engage in mergers or consolidations; or (viii) engage in certain transactions with affiliates, and otherwise restrict activities of the Resulting Issuer (including its ability to acquire additional investments, businesses or assets, certain changes of control and asset sale transactions) without the consent of the lenders. In addition, such a credit facility would likely require the

Resulting Issuer to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements. Such restrictions may limit the Resulting Issuer's ability to meet targeted returns and reduce the amount of cash available for investment. Moreover, the Resulting Issuer may incur indebtedness under credit facilities that bear interest at a variable rate. Economic conditions could result in higher interest rates, which could increase debt service requirements on variable rate debt and could reduce the amount of cash available for various Resulting Issuer purposes.

Risks of leverage

Jushi anticipates utilizing leverage in connection with the Resulting Issuer's investments in the form of secured or unsecured indebtedness. Although Jushi will seek to use leverage in a manner it believes is prudent, such leverage will increase the exposure of an investment to adverse economic factors such as downturns in the economy or deterioration in the condition of the investment. If the Resulting Issuer defaults on secured indebtedness, the lender may foreclose and the Resulting Issuer could lose its entire investment in the security of such loan. If the Resulting Issuer defaults on unsecured indebtedness, the terms of the loan may require the Resulting Issuer to repay the principal amount of the loan and any interest accrued thereon in addition to heavy penalties that may be imposed. Because the Resulting Issuer may engage in financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, the Resulting Issuer could lose its interest in performing investments in the event such investments are cross-collateralized with poorly performing or nonperforming investments.

In addition to leveraging the Resulting Issuer investments, the Resulting Issuer may borrow funds in its own name for various purposes, and may withhold or apply from distributions amounts necessary to repay such borrowings. The interest expense and such other costs incurred in connection with such borrowings may not be recovered by income from investments purchased by the Resulting Issuer. If investments fail to cover the cost of such borrowings, the value of the investments held by the Resulting Issuer would decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectation, the interests of investors in the Resulting Issuer could be subordinated to such leverage, which will compound any such adverse consequences.

Risks related to future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Resulting Issuer's ongoing business; (ii) distraction of management; (iii) the Resulting Issuer may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Resulting Issuer's operations; and (vi) loss or reduction of control over certain of the Resulting Issuer's assets.

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

Risks related to acquiring companies

The Resulting Issuer could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from such acquisitions (see "*Part VI – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*"). All of these factors could cause dilution to the Resulting Issuer's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Resulting Issuer's securities.

The Resulting Issuer may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired company with its existing operations. If integration is not managed successfully by the Resulting Issuer's management, the Resulting Issuer may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Resulting Issuer's business, financial condition

and results of operations. The Resulting Issuer may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on management. There is no assurance that these acquisitions will be successfully integrated in a timely manner.

Risks related to increased costs as a result of being a public company

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

In particular, as a result of the Business Combination, the Resulting Issuer will become subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, which requires annual management assessment of the effectiveness of the Resulting Issuer's internal controls over financial reporting. Effective internal controls, including financial reporting and disclosure controls and procedures, are necessary for the Resulting Issuer to provide reliable financial reports, to effectively reduce the risk of fraud and to operate successfully as a public company. These reporting and other obligations will place significant demands on the Resulting Issuer as well as on the Resulting Issuer's management, administrative, operational and accounting resources.

Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Certain remedies may be limited

The Resulting Issuer's governing documents may provide that the liability of the Resulting Issuer Board and its officers is eliminated to the fullest extent permitted under the laws of the Province of British Columbia. Thus, the Resulting Issuer and the shareholders of the Resulting Issuer may be prevented from recovering damages for alleged errors or omissions made by the members of the Resulting Issuer Board and its officers. The Resulting Issuer's governing documents may also provide that the Resulting Issuer will, to the fullest extent permitted by law, indemnify members of the Resulting Issuer Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of the Resulting Issuer.

Difficulty in enforcing judgments and effecting service of process on directors and officers

The proposed directors and officers of the Resulting Issuer are expected to reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Resulting Issuer shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Resulting Issuer shareholders to effect service of process within Canada upon such persons.

Financial projections may prove materially inaccurate or incorrect

Any Jushi or Resulting Issuer financial estimates, projections and other forward-looking information or statements included in this Filing Statement were prepared by Jushi without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information or statements. Such forward-looking information or statements are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in this Filing Statement. Tanzania Shareholders should inquire of the Resulting Issuer and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing

and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, Tanzania Shareholders should not rely on any projections to indicate the actual results the Resulting Issuer might achieve.

Market price volatility risks

The market price of the Subordinate Voting Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer, general economic conditions, legislative changes, and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Subordinate Voting Shares.

Sales by existing shareholders

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Subordinate Voting Shares, could reduce the market price of the Subordinate Voting Shares. If this occurs and continues, it could impair the Resulting Issuer's ability to raise additional capital through the sale of securities.

Dividends

The Resulting Issuer has no earnings or dividend record, and does not anticipate paying any dividends on the Subordinate Voting Shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

Limited market for securities

It is proposed that the Subordinate Voting Shares will be listed on the NEO Exchange, however, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the Subordinate Voting Shares will develop or be maintained and a Resulting Issuer securityholder may find it difficult to resell any securities of the Resulting Issuer.

An investment in the Resulting Issuer may be considered to be speculative, involves certain risks, and is suitable only for prospective purchasers who have sufficient financial means to bear such risks, who have substantial other assets to provide for current needs and future contingencies, and therefore have no need for immediate liquidity with respect to this investment, and who can withstand a possible total loss of this investment.

Currency Fluctuations

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

Legality of contracts

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

Global financial conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Resulting Issuer's ability to obtain equity or debt financing in the future on terms favourable to the Resulting Issuer. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Resulting Issuer's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the cannabis industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Resulting Issuer's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

PART VI GENERAL MATTERS

Relationships

Other than as described under "*Part III – The Business Combination – Subscription Receipt Offering*", neither Tanzania nor Jushi has entered into an agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future.

Experts

The current auditors of Tanzania and Jushi are Davidson and MGO, respectively. Davidson is independent of Tanzania within the meaning of the *Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia* and MGO is independent of Jushi within the relevant rules and related interpretations prescribed by the relevant bodies in Canada and any applicable legislation or regulations.

To the knowledge of Tanzania and Jushi, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement, or prepared or certified a report or valuation described or included in this Filing Statement, beneficially owns more than 1% of the issued and outstanding Tanzania Shares, Jushi Shares, or, upon closing of the Business Combination, Subordinate Voting Shares. Moreover, no such person or company, or any of their respective directors, officers or employees, is, or expects to be, elected, appointed or employed as a director, officer or employee of the Resulting Issuer or any of its Associates or Affiliates.

Other Material Facts

Other than as set out elsewhere in this Filing Statement, there are no other material facts about the Resulting Issuer or its respective securities which are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its respective securities.

Board Approval

The Tanzania Board and Jushi Board have approved the contents of this Filing Statement.

**APPENDIX A.
FINANCIAL STATEMENTS OF TANZANIA**

TANZANIA MINERALS CORP.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

February 28, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tanzania Minerals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Tanzania Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has not generated revenue from operations and will require additional financing to maintain its operation and activities. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Harris.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 26, 2019

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at

	February 28, 2019	February 28, 2018
ASSETS		
Current		
Cash	\$ 110,912	\$ 734
Receivables	942	4,245
Prepaid expenses	6,700	-
	<u>\$ 118,554</u>	<u>\$ 4,979</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	<u>\$ 91,787</u>	<u>\$ 433,227</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock (Note 5)	14,244,852	13,660,966
Reserves (Note 5)	2,514,841	2,514,841
Deficit	(17,627,752)	(17,499,062)
Accumulated other comprehensive income	894,826	895,007
	<u>26,767</u>	<u>(428,248)</u>
	<u>\$ 118,554</u>	<u>\$ 4,979</u>

Nature of operations (Note 1)

Going concern (Note 2)

Proposed transaction (Note 11)

Subsequent event (Note 12)

Approved on behalf of the Board on March 26, 2019:

Robert Dzisiak Director Bev Funston Director

The accompanying notes are an integral part of these consolidated financial statements.

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the years ended

	February 28, 2019	February 28, 2018
Expenses		
Consulting (Note 6)	\$ 12,500	\$ 58,250
General and administrative expenses	38,034	22,581
Professional fees (Note 6)	78,156	81,594
Gain on settlement of debt	-	(19,633)
Loss for the year	(128,690)	(142,792)
Translation adjustment	(181)	2,034
Comprehensive loss for the year	\$ (128,509)	\$ (140,758)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.06)
Weighted average number of common shares outstanding – basic and diluted	6,988,623	2,405,106

The accompanying notes are an integral part of these consolidated financial statements.

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the years ended

	February 28, 2019	February 28, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (128,690)	\$ (142,792)
Items not involving cash:		
Unrealized foreign exchange	(181)	2,034
Changes in non-cash working capital items:		
Decrease (increase) in receivables	3,303	(1,855)
(Increase) in prepaid expenses	(6,700)	-
(Decrease) increase in accounts payable and accrued liabilities	(341,440)	102,616
Net cash used in operating activities	(473,708)	(39,997)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	-	10,000
Related party receivable	-	30,000
Net cash provided by investing activities	-	40,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital, net of share issuance costs (Note 5)	583,886	-
Net cash provided by financing activities	583,886	-
Increase in cash	110,178	3
Cash, beginning of year	734	731
Cash, end of year	\$ 110,912	\$ 734
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
 (Expressed in Canadian Dollars)

	Capital Stock		Reserves	Deficit	Accumulated Other Comprehensive Income	Total
	Number	Amount				
Balance, February 28, 2017	2,405,106	\$13,660,966	\$ 2,514,841	\$ (17,356,270)	\$ 892,973	\$ (287,490)
Loss for the year	-	-	-	(142,792)	-	358
Translation adjustment	-	-	-	-	2,034	1,694
Balance, February 28, 2018	2,405,106	13,660,966	2,514,841	(17,499,062)	895,007	(428,248)
Loss for the year	-	-	-	(128,690)	-	(128,690)
Issuance of share capital	6,999,932	629,994	-	-	-	629,994
Share issue costs	-	(46,108)	-	-	-	(46,108)
Translation adjustment	-	-	-	-	(181)	(181)
Balance, February 28, 2019	9,405,038	\$ 14,244,852	\$ 2,514,841	\$ (17,627,752)	\$ 894,826	\$ 26,767

The accompanying notes are an integral part of these consolidated financial statements.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2019
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Tanzania Minerals Corp. (the “Company”) is an exploration stage company and was in the business of exploration and evaluation of mineral properties in Tanzania, Africa through its subsidiary, Tansmin Resources (Tanzania) Limited (“Tansmin”). The Company was incorporated under the laws of the British Columbia on June 29, 2007. The Company has its head office at 300 Bellevue Centre, 235 15th Street, West Vancouver, BC V7T 2X1.

To date, the Company has not earned significant revenues, and is considered to be in the exploration stage.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options, in these financial statements have been adjusted to give retroactive effect to the share consolidation (Note 5).

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the consolidated financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at February 28, 2019, the Company had a working capital surplus (deficit) of \$26,767 (February 28, 2018 – (\$428,248)). The Company’s liquidity is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

The Company has not generated revenue from operations and will require additional financing to maintain its operations and activities. These material uncertainties and conditions may cast significant doubt as to the Company’s ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2019
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements were authorized for issue by the Board of Directors on March 26, 2019.

Basis of measurement

These consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

These consolidated financial statements include the financial statements of the Company, 0886940 B.C. Ltd., and Tansmin, which are wholly owned, and controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of the Company's subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Critical accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Critical judgments in applying accounting policies

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company and 0886940 B.C. Ltd. has been determined to be the Canadian dollar, while the functional currency of Tansmin has been determined to be the United States ("US") dollar.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2019
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (cont'd...)

Critical accounting judgments and estimates (cont'd...)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Fair value of share-based payments

Determining the fair value of compensatory warrants and stock options granted requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. The value of any share-based payments expense for the year, along with the assumptions and model used for estimating the fair value for share-based payment transactions are disclosed in Note 5.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with IFRS and reflect the following significant accounting policies:

Financial instruments

The Company adopted all of the requirements of IFRS 9 – *Financial instruments* (“*IFRS 9*”) as of January 1, 2018. IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement* (“*IAS 39*”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

TANZANIA MINERALS CORP.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FEBRUARY 28, 2019
 (Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Classification

The following is the Company's new accounting policy for financial instruments under IFRS 9:

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs related to the acquisition and exploration of evaluation and exploration assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. Each of the Company's evaluation and exploration assets is considered to be a cash generating unit. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation asset, the excess is recognized as income in the year received. The amounts shown for evaluation and exploration assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future reclamation costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of evaluation and exploration assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

For the years presented, the Company does not have any significant future reclamation costs.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company and 0886940 B.C. Ltd. is the Canadian dollar, and the functional currency of Tansmin is the United States dollar.

Accordingly, the accounts of Tansmin are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probably that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Gains and losses that would otherwise be recorded as part of net earnings is presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. The Company's translation of its subsidiary (Tansmin) into Canadian dollars is the only item affecting comprehensive income (loss) for the years presented.

Future changes in accounting policies

The following new accounting standard has been issued, but is not yet effective:

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify lease as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019.

The eventual application of this standard is not expected to have significant impact on the Company's financial statements.

5. CAPITAL STOCK AND RESERVES

The authorized capital stock of the Company is unlimited common shares without par value.

The authorized preferred shares of the Company is unlimited preferred shares without par value.

There were no capital stock transactions during the year ended February 28, 2018.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options and warrants, in these financial statements have been adjusted to give retroactive effect to the share consolidation.

On July 4, 2018 the Company completed a private placement offering of \$629,994 based on the issuance of 6,999,932 units at a price of \$0.09 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.12 until July 4, 2019. The Company paid finder's fees of \$36,606 and legal and filing fees of \$9,503.

TANZANIA MINERALS CORP.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FEBRUARY 28, 2019
 (Expressed in Canadian Dollars)

5. CAPITAL STOCK AND RESERVES (cont'd...)

Warrants

There were no warrants outstanding as at February 28, 2018.

The following is a summary of warrants outstanding as at February 28, 2019:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2019	6,999,932	\$0.12

As at February 28, 2019, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Expiry Date
6,999,932	\$ 0.12	July 4, 2019

Stock options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company as well as persons providing ongoing services to the Company. The exercise price of options is to equal at least the market price of the Company's stock on the date of grant. Stock options are exercisable for a five-year term in accordance with TSX-V policy. The options vest at the discretion of the Board of Directors. The number of common shares reserved for issuance may not exceed 10% of the issued and outstanding common shares of the Company.

	Number of Stock Options	Weighted Average Exercise Price
Outstanding and exercisable at February 28, 2017	86,667	\$ 1.50
Expired	(21,667)	1.50
Outstanding and exercisable at February 28, 2018	65,000	1.50
Expired	(50,833)	1.50
Outstanding and exercisable at February 28, 2019	14,167	\$ 1.50

TANZANIA MINERALS CORP.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FEBRUARY 28, 2019
 (Expressed in Canadian Dollars)

5. CAPITAL STOCK AND RESERVES (cont'd...)

Stock options (cont'd...)

At February 28, 2019 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
14,167	\$ 1.50	0.74	November 24, 2019

Share-based payments

The Company recognizes share-based payments expense for all stock options granted using the fair value based method of accounting. There were no stock options granted during the years ended February 28, 2018 or 2019.

6. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the year ended	
	February 28, 2019	February 28, 2018
Consulting and professional fees	\$ 44,500	\$ 99,000
	<u>\$ 44,500</u>	<u>\$ 99,000</u>

Other related parties

As at February 28, 2019, \$2,176 (February 28, 2018, \$74,955) was included in accounts payable due to the CEO and CFO of the Company. During the February 28, 2018 fiscal year, \$190,250 owing to related parties were assigned to a third party.

As at February 28, 2017, \$30,000 was included in due from related party and was due from American Helium Inc. (formerly Karoo Exploration Corp.) On March 9, 2017, the amounts owing from American Helium Inc. (formerly Karoo Exploration Corp.) were settled to a third party for \$30,000.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2019
(Expressed in Canadian Dollars)

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company considers components of shareholders' equity(deficiency).

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, and accounts payable. The carrying value of receivables and accounts payable approximate their fair values due to the short-term nature of these instruments.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's cash is measured using level 1 inputs.

As at February 28, 2019, the Company's risk exposures and the impact on the Company is financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

The Company's receivables consist mainly of input tax credits receivable from the Government of Canada, and as a result the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2019, the Company had cash of \$110,912 to settle current liabilities of \$91,787. The Company's liquidity is dependent on its ability to obtain additional equity financing.

TANZANIA MINERALS CORP.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FEBRUARY 28, 2019
 (Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and has no interest-bearing debt. The interest earned on cash is insignificant, and the Company does not rely on interest received to fund its operations. As a result, the Company is not subject to significant interest rate risk.

b) Currency risk

The Company's operations are in Canada and accordingly the Company is not subject to significant foreign currency risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

9. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties.

10. INCOME TAXES

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

	February 28, 2019	February 28, 2018
Loss for the year	\$ (128,690)	\$ (142,792)
Expected income tax recoverable at statutory rate	(34,746)	(38,554)
Change in statutory, foreign tax, and other	46,746	287,648
Change in unrecognized deductible temporary differences	(12,000)	(2,257,094)
Adjustment to prior years provision versus statutory tax return	-	(13,000)
Expiry of non-capital losses	-	2,021,000
Total income taxes	\$ -	\$ -

TANZANIA MINERALS CORP.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FEBRUARY 28, 2019
 (Expressed in Canadian Dollars)

10. INCOME TAXES (cont'd...)

The significant unrecognized deductible temporary differences, unused tax losses and expiry dates are as follows:

	February 28, 2019		February 28, 2018	
Exploration and evaluation assets	\$ 1,493,000	no expiry	\$ 1,493,000	no expiry
Equipment	150,000	no expiry	158,000	no expiry
Allowable capital losses-Canada	15,000	no expiry	15,000	no expiry
Non-capital losses available for future periods-Tanzania	4,018,000	no expiry	4,231,000	no expiry
Non-capital losses available for future periods-Canada	588,000	2028 - 2039	460,000	2027 - 2038

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. PROPOSED TRANSACTION

The Company entered into a letter agreement dated November 2, 2018 with Jushi Inc. ("Jushi"). The letter agreement outlines the proposed terms and conditions pursuant to which the Company and Jushi will effect a business combination that will result in a reverse takeover of the Company by the security holders of Jushi.

Completion of the proposed transaction is subject to a number of conditions, including receipt of all necessary shareholder and regulatory approvals.

In connection with the proposed transaction, the Company will be required to, among other things: (i) change its name to a name requested by Jushi and acceptable to applicable regulatory authorities; (ii) consolidate its outstanding shares on a basis to be determined; (iii) replace all directors and officers of the Company on closing of the proposed transaction with nominees of Jushi; and (iv) create a new class of non-participating super voting shares.

12. SUBSEQUENT EVENT

On March 25, 2019, the Company sold its inactive wholly-owned subsidiary 0886940 B.C. Ltd. to a director of the Company for nominal consideration. Tansmin Resources (Tanzania) Limited is owned by 0886940 B.C. Ltd. and, accordingly, is also disposed of.

TANZANIA MINERALS CORP.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

February 28, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tanzania Minerals Corp.

We have audited the accompanying consolidated financial statements of Tanzania Minerals Corp., which comprise the consolidated statements of financial position as at February 28, 2018 and 2017 and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Tanzania Minerals Corp. as at February 28, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Tanzania Minerals Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

June 28, 2018

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (Expressed in Canadian Dollars)

AS AT

	February 28, 2018	February 28, 2017
ASSETS		
Current		
Cash	\$ 734	\$ 731
Receivables	4,245	2,390
	<u>4,979</u>	<u>3,121</u>
Investment (Note 5)	-	10,000
Due from related party (Note 7)	-	<u>30,000</u>
	<u>\$ 4,979</u>	<u>\$ 43,121</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	<u>\$ 433,227</u>	<u>\$ 330,611</u>
SHAREHOLDERS' DEFICIENCY		
Capital stock (Note 6)	13,660,966	13,660,966
Reserves (Note 6)	2,514,841	2,514,841
Deficit	(17,499,062)	(17,356,270)
Accumulated other comprehensive income	895,007	892,973
	<u>(428,248)</u>	<u>(287,490)</u>
	<u>\$ 4,979</u>	<u>\$ 43,121</u>

Nature of operations (Note 1)

Going concern (Note 2)

Subsequent event (Note 12)

Approved on behalf of the Board on June 28, 2018:

Robert Dzisiak Director Grant Hall Director

The accompanying notes are an integral part of these consolidated financial statements.

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	February 28, 2018	February 28, 2017
Expenses		
Consulting fees (Note 7)	\$ 58,250	\$ -
General and administrative expenses	22,581	9,850
Professional fees (Note 9)	81,594	96,152
Loss on fair value of investments (Note 5)	-	8,750
Gain on settlement of debt	(19,633)	(18,936)
Loss for the year	(142,792)	(95,816)
Translation adjustment	2,034	1,097
Comprehensive loss for the year	\$ (140,758)	\$ (94,719)
Basic and diluted loss per common share	\$ (0.06)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	2,405,106	2,405,106

The accompanying notes are an integral part of these consolidated financial statements.

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Expressed in Canadian Dollars)
 For the years ended

	February 28, 2018	February 28, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (142,792)	\$ (95,816)
Items not involving cash:		
Unrealized foreign exchange	2,034	1,097
Loss on fair value of investments	-	8,750
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(1,855)	(1,407)
Increase in accounts payable and accrued liabilities	102,616	80,498
Net cash used in operating activities	(39,997)	(6,878)
CASH FLOWS FROM INVESTING ACTIVITIES		
Amounts due from related party receivable	30,000	-
Sale of investments	10,000	-
Net cash provided by investing activities	40,000	-
Decrease in cash	3	(6,878)
Cash, beginning of year	731	7,609
Cash, end of year	\$ 734	\$ 731
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
 (Expressed in Canadian Dollars)

	Capital Stock		Reserves	Deficit	Accumulated Other Comprehensive Income	Total
	Number	Amount				
Balance, February 29, 2016	2,405,106	\$13,660,966	\$ 2,514,841	\$ (17,260,454)	\$ 891,876	\$ (192,771)
Loss for the year	-	-	-	(95,816)	-	(95,816)
Translation adjustment	-	-	-	-	1,097	1,097
Balance, February 28, 2017	2,405,106	13,660,966	2,514,841	(17,356,270)	892,973	(287,490)
Loss for the year	-	-	-	(142,792)	-	(142,792)
Translation adjustment	-	-	-	-	2,034	2,034
Balance, February 28, 2018	2,405,106	\$ 13,660,966	\$ 2,514,841	\$ (17,499,062)	\$ 895,007	\$ (428,248)

The accompanying notes are an integral part of these consolidated financial statements.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Tanzania Minerals Corp. (the “Company”) is an exploration stage company and was in the business of exploration and evaluation of mineral properties in Tanzania, Africa through its wholly owned subsidiary, Tansmin Resources (Tanzania) Limited (“Tansmin”). The Company was incorporated under the laws of the British Columbia on June 29, 2007. The Company has its head office at #410-1040 West Georgia, Vancouver, BC V6E 4H1.

To date, the Company has not earned significant revenues, and is considered to be in the exploration stage.

On September 16, 2016, trading in the Company’s shares was suspended on the TSX Venture Exchange (“TSX-V”). On January 29, 2018, the cease trade order was removed, and the Company’s shares were reinstated for trading on the NEX Board of the TSX-V.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options, in these financial statements have been adjusted to give retroactive effect to the share consolidation (Note 12).

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the consolidated financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at February 28, 2018, the Company had a working capital deficit (excess of current liabilities over current assets) of \$428,248 (February 28, 2017 - \$327,490). The Company’s liquidity is dependent on its ability to obtain additional equity financing.

The Company has not generated revenue from operations and will require additional financing to maintain its operations and activities. These material uncertainties and conditions may cast significant doubt as to the Company’s ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2018
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements of the Company for the year ending February 28, 2018, including comparatives, are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, or available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements were authorized for issue by the Board of Directors on June 28, 2018.

Basis of measurement

The consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

These consolidated financial statements include the financial statements of the Company, 0886940 B.C. Ltd., and Tansmin, which are wholly owned, and controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company's subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Critical accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Critical judgments in applying accounting policies

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and 0886940 B.C. Ltd. has been determined to be the Canadian dollar, while the functional currency of Tansmin has been determined to be the United States ("US") dollar.

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2018
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (cont'd...)

Critical accounting judgments and estimates (cont'd...)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Fair value of share-based payments

Determining the fair value of warrants and stock options granted requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. The value of share-based payments expense for the year, along with the assumptions and model used for estimating the fair value for share-based payment transactions are disclosed in Note 6.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with IFRS and reflect the following significant accounting policies:

Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

TANZANIA MINERALS CORP.
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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations and comprehensive loss. Financial assets “available-for-sale” are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets and liabilities “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are subsequently measured at amortized cost using the effective interest method.

The Company has classified its cash as fair value through profit or loss. The Company’s receivables and due from related party are classified as loans and receivables. The Company’s investment is classified as available for sale. The Company’s accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of three levels in a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

See Note 9 for relevant disclosures.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs related to the acquisition and exploration of evaluation and exploration assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. Each of the Company’s evaluation and exploration assets is considered to be a cash generating unit. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation asset, the excess is recognized as income in the year received. The amounts shown for evaluation and exploration assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Future reclamation costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of evaluation and exploration assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

For the years presented, the Company does not have any significant future reclamation costs.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company and 0886940 B.C. Ltd. is the Canadian dollar, and the functional currency of Tansmin is the United States dollar.

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation (cont'd...)

Accordingly, the accounts of Tansmin are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probably that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probably that future taxable profit will allow the deferred tax asset to be recovered.

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Gains and losses that would otherwise be recorded as part of net earnings is presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. The Company's translation of its subsidiary (Tansmin) into Canadian dollars is the only item affecting comprehensive income (loss) for the years presented.

Recent Accounting Pronouncements

IFRS 9, Financial Instruments ("IFRS 9") is effective for annual periods beginning on or after January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is amortized at cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit and loss. The Company has analyzed the impact of adopting IFRS 9 and anticipates that there will be no material changes as a result of adopting this new standard.

5. INVESTMENT

The Company held 1,250,000 shares of Karoo Exploration Corp. that were sold for proceeds of \$10,000 during the year ended February 28, 2018:

Balance, February 29, 2016	\$	18,750
Fair market value adjustment		(8,750)
Balance, February 28, 2017		10,000
Disposal		(10,000)
Balance, February 28, 2018	\$	-

TANZANIA MINERALS CORP.
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6. CAPITAL STOCK AND RESERVES

The authorized capital stock of the Company is unlimited common shares without par value.

The authorized preferred shares of the Company is unlimited preferred shares without par value.

There were no capital stock transactions during the year ended February 28, 2017 or the year ended February 28, 2018.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options and warrants, in these financial statements have been adjusted to give retroactive effect to the share consolidation.

Warrants

There were no warrants outstanding as at and for the years ended February 28, 2017 and February 28, 2018.

Stock options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company as well as persons providing ongoing services to the Company. The exercise price of options is to equal at least the market price of the Company's stock on the date of grant. Stock options are exercisable for a five-year term in accordance with TSX-V policy. The options vest at the discretion of the Board of Directors. The number of common shares reserved for issuance may not exceed 10% of the issued and outstanding common shares of the Company.

	Number of Stock Options	Weighted Average Exercise Price
Outstanding and exercisable at February 29, 2016	159,167	\$ 11.66
Expired	<u>(72,500)</u>	<u>23.80</u>
Outstanding and exercisable at February 28, 2017	86,667	1.50
Expired	<u>(21,667)</u>	<u>1.50</u>
Outstanding and exercisable at February 28, 2018	<u>65,000</u>	<u>\$ 1.50</u>

At February 28, 2018 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
65,000	\$ 1.50	1.74	November 24, 2019

Share-based payments

The Company recognizes share-based payments expense for all stock options granted using the fair value based method of accounting. There were no stock options granted during the year ended February 28, 2018 or February 28, 2017.

TANZANIA MINERALS CORP.
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7. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the year ended	
	February 28, 2018	February 28, 2017
Consulting and professional fees	\$ 99,000	\$ 70,500
	<u>\$ 99,000</u>	<u>\$ 70,500</u>

Other related parties

As at February 28, 2018, \$74,955 (February 28, 2017, \$136,026) was included in accounts payable due to various related parties. During the fiscal year, \$190,250 owing to related parties were assigned to a third party.

As at February 28, 2018, \$nil (February 28, 2017, \$30,000) was included in due from related party and was due from American Helium Inc. (formerly Karoo Exploration Corp.). On March 9, 2017, the amounts owing from American Helium Inc. (formerly Karoo Exploration Corp.) were settled to a third party for \$30,000.

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company considers components of shareholders' equity(deficiency).

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

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9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, due from related party, investment, and accounts payable and accrued liabilities. The Company has classified its cash as fair value through profit or loss. The Company's receivables and due from related party are classified as loans and receivables. The Company's investment is classified as available for sale. The Company's accounts payable and accrued liabilities is classified as other financial liabilities. The fair value of the Company's receivables, and accounts payable and accrued liabilities approximate the carrying value, which is the amount on the consolidated statements of financial position due to their short-term maturities or ability of prompt liquidation. The Company's cash and investment, under the fair value hierarchy are measured at fair value, based on level one quoted prices in active markets for identical assets or liabilities.

As at February 28, 2018, the Company's risk exposures and the impact on the Company is financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

The Company's receivables consist mainly of input tax credits receivable from the Government of Canada, and as a result the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2018, the Company had cash of \$734 to settle current liabilities of \$433,227. The Company's liquidity is dependent on its ability to obtain additional equity financing.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and an amount due from related party which bears interest. The Company has no interest bearing debt. The interest earned on cash and the amount due from related party is insignificant, and the Company does not rely on interest received to fund its operations. As a result, the Company is not at a significant risk to fluctuating interest rates.

b) Currency risk

The Company's operations are in Canada and accordingly the Company is not subject to significant foreign currency risk.

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9. FINANCIAL INSTRUMENTS (cont'd...)

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties.

11. INCOME TAXES

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

	February 28, 2018	February 28, 2017
Loss for the year	\$ (142,792)	\$ (95,816)
Expected income tax recoverable at statutory rate	(38,554)	(24,912)
Non-deductible items	-	(88)
Change in statutory, foreign tax, and other	287,648	-
Change in unrecognized deductible temporary differences	(2,257,094)	25,000
Adjustment to prior years provision versus statutory tax return	(13,000)	-
Expiry of non-capital losses	2,021,000	-
Total income taxes	\$ -	\$ -

The significant unrecognized deductible temporary differences, unused tax losses and expiry dates are as follows:

	February 28, 2018		February 28, 2017	
Exploration and evaluation assets	\$ 1,493,000	no expiry	\$ 1,493,000	no expiry
Equipment	158,000	no expiry	158,000	no expiry
Allowable capital losses-Canada	15,000	no expiry	15,000	no expiry
Non-capital losses available for future periods-Tanzania	4,231,000	no expiry	4,231,000	no expiry
Non-capital losses available for future periods-Canada	4,691,000	2027 - 2038	7,754,000	2027 - 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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12. SUBSEQUENT EVENT

On April 26, 2018 the Company announced that it had implemented a 30 for 1 consolidation of its common shares to be effective April 27, 2018. The consolidation was approved by the Company's shareholders at the annual general and special meeting of shareholders.

**APPENDIX B.
MANAGEMENT'S DISCUSSION & ANALYSIS OF TANZANIA**

TANZANIA MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended February 28, 2019

Dated: March 26, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This Management's Discussion and Analysis ("MD&A") covers the financial statements of Tanzania Minerals Corp. (the "Company") as at February 28, 2019, and for the year then ended (the "Financial Statements"). This MD&A should be read in conjunction with the audited annual financial statements and notes thereto for the year ended February 28, 2018 (the "Annual Financial Statements"). The information contained in this report is current to March 26, 2019 and has been reviewed by the Company's auditors.

The accompanying consolidated financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Annual Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the Financial Statements and MD&A fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as the date hereof.

The Board of Directors approves the Financial Statements and MD&A, and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which reviews and approves all financial reports prior to filing.

FORWARD-LOOKING STATEMENT

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

CORPORATE OVERVIEW

The Company was incorporated under the laws of British Columbia on June 29, 2007.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options and warrants, in these financial statements have been adjusted to give retroactive effect to the share consolidation.

TANZANIA MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended February 28, 2019

On May 14, 2018, the Company announced that James Walchuck resigned as President, Chief Executive Officer and a member of the Board of Directors. The Company has appointed Rob Dziaiak (currently the Chief Financial Officer of the Company, which position he will resign effective immediately) the interim President and Chief Executive Officer of the Company and Lorilee Kozuska (currently the Company's controller) as interim Chief Financial Officer of the Company.

On July 4, 2018, the Company announced the closing of a private placement offering (the "Offering") of \$629,994 of gross proceeds based on the issuance of 6,999,932 units (the "Units") at a price of \$0.09 per Unit. Each Unit consists of one common share (a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share at an exercise price of \$0.12 until July 4, 2019 (with a restriction on the exercise of the warrants in the event that the holder would own more than 9.99% of the issued and outstanding common shares of the Company as a result of such exercise). The Company paid arm's length finder's fees of \$36,606. The Common Shares and Warrants are subject to a resale restriction until November 5, 2018. Closing of the Offering remains subject to receipt of all necessary regulatory approvals, including final approval of the TSX Venture Exchange.

One of the directors and the spouse of one of the directors of the Company acquired a portion of the Offering, and their participation (the "Insider Participation") is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101"). The Insider Participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101.

The net proceeds of the private placement will be used for the repayment of debt as well as for general corporate purposes.

On July 18, 2018, the Company announced the resignation of David Eaton as a member of the Board of Directors. The Company has appointed Bev Funston as a member of the Board of Directors of the Company effective immediately.

On August 16, 2018, the Company announced the resignation of Grant Hall as a member of the Board of Directors. The Company has appointed Daniel Caamano as a member of the Board of Directors of the Company effective immediately.

On November 5, 2018, the Company announced that it had entered into a letter agreement dated as of November 2, 2018 (the "Letter Agreement") with Jushi Inc. ("Jushi"). The Letter Agreement outlines the proposed terms and conditions pursuant to which the Company and Jushi will effect a business combination that will result in a reverse takeover of the Company by the security holders of Jushi (the "Proposed Transaction"). The Letter Agreement was negotiated at arm's length.

On March 25, 2019, the Company sold its inactive wholly-subsiary 0886940 B.C. Ltd. to a director of the Company for nominal consideration. Tansmin Resources (Tanzania) Limited is owned by 0886940 B.C. Ltd. and, accordingly, is also disposed of.

TANZANIA MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended February 28, 2019

SUMMARY

There are no business activities during the current fiscal year.

RESULTS OF OPERATIONS

For the year ended February 28, 2019

The following analysis of the Company's operating results in the year ended February 28, 2019, includes a comparison against the previously completed year ended February 28, 2018.

Revenue:

The company has no revenue, as there are no active business operations.

Expenses:

Consulting fees for the year ended February 28, 2019 were \$12,500 compared to \$58,250 for the year ended February 28, 2018. The decrease in costs is reflective of the Company's CEO and director's fees in the previous year.

General and administration costs for the year ended February 28, 2019 were \$38,034 compared to \$22,581 for the year ended February 28, 2018. The increase in costs is primarily reflective of the Company's regulatory fees, website fees and rent in the current year.

Professional fees for the year ended February 28, 2019 were \$78,156 compared to \$81,594 for the year ended February 28, 2018. The decrease in costs is primarily reflective of fewer legal fees in the current year.

Gain on settlement of debt for the year ended February 28, 2019 was \$nil compared to \$19,663 for the year ended February 28, 2018. The gain is reflective of the Company settling prior debts in the previous year.

Loss for the year

The net loss for the year ended February 28, 2019 was \$128,690 as compared to \$142,792 for the year ended February 28, 2018. This represents a increase of net income of \$14,102 and is primarily due to the items discussed above.

TANZANIA MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended February 28, 2019

SELECTED ANNUAL INFORMATION

	Year ended February 28, 2019	Year ended February 28, 2018	Year ended February 28, 2017
Interest income	\$-	\$-	\$-
Net loss	\$(128,690)	\$(142,972)	\$(95,816)
Basic & diluted loss per share	\$(0.02)	\$(0.06)	\$(0.04)
Total assets	\$118,554	\$4,979	\$43,121
Total long-term liabilities	\$-	\$-	\$-
Cash dividends	\$-	\$-	\$-

SUMMARY OF QUARTERLY RESULTS

	4 th Quarter Ended February 28, 2019	3 rd Quarter Ended November 30, 2018	2 nd Quarter Ended August 31, 2018	1 st Quarter Ended May 31, 2018
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net loss for period	\$(45,035)	\$(27,037)	\$(31,910)	\$(24,708)
(c) Net loss per share ¹	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.00)
(d) Total assets	\$118,554	\$129,160	\$183,921	\$1,785
(e) Total liabilities	\$91,787	\$59,297	\$85,500	\$455,340
	4 th Quarter Ended February 28, 2018	3 rd Quarter Ended November 30, 2017	2 nd Quarter Ended August 31, 2017	1 st Quarter Ended May 31, 2017
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net loss for period	\$(142,972)	\$358	\$17,712	\$1,285
(c) Net loss per share ¹	\$(0.06)	\$(0.00)	\$(0.01)	\$(0.00)
(d) Total assets	\$4,979	\$5,582	\$30,835	\$43,042
(e) Total liabilities	\$433,227	\$291,020	\$296,117	\$330,191

¹ Numbers have been rounded to the next decimal for presentation purposes.

The Company is in the business of exploration and evaluation of mineral properties, and therefore has had no revenue to report since inception. The Company's operating costs consist primarily of corporate consulting, professional fees and travel costs.

LIQUIDITY

The Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The Financial Statements do not reflect adjustments that may be necessary if the going concern assumption were not

TANZANIA MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended February 28, 2019

appropriate. If the going concern basis were not appropriate, adjustments may be necessary to the carrying amounts and/or classification of assets and/or liabilities and the reported expenses in these consolidated financial statements. Such adjustments could be material.

As at February 28, 2019, the Company has accumulated losses of \$17,627,752 since its inception and expects to incur further losses in pursuit of its mineral exploration opportunities. The Company has cash of \$110,912 as at February 28, 2019, and its working capital surplus of \$26,767 is considered to be sufficient to meet its short-term business requirements.

The Company's ability to continue as a going concern in the long term is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing exploration program, or to fund any further development activities. See "Risk Factors" of this MD&A.

As at the date of this report, the Company's cash position is insufficient to cover initial exploration initiatives and administrative expenses for the next fiscal year. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. Consequently, the Company may seek future financing by means of private placements or debt financing in order to fund its exploration activities. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. No assurance can be given that the Company will be successful in raising the funds required to realize on the Company's exploration programs. These factors all cast doubt about the liquidity of the Company and its ability to continue as a going concern.

CAPITAL RESOURCES

The Company defines capital as consisting of equity, being comprised of issued capital stock, reserves, deficit and accumulated other comprehensive income. The Company's objectives when managing capital are primarily to support the creation of shareholder value, but also to ensure that the Company is able to meet its financial obligations as they become due. The Company has not declared or paid any dividends on its common shares.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through periodic meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of the Company's receivables, and accounts payable and accrued liabilities

TANZANIA MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended February 28, 2019

approximate the carrying value, which is the amount on the consolidated statements of financial position dates due to their short-term maturities or ability of prompt liquidation.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

The Company's receivables consist mainly of input tax credits receivable from the Government of Canada, and as a result the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2019, the Company had cash of \$110,912 to settle current liabilities of \$91,787. The Company's liquidity is dependent on its ability to obtain additional equity financing.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash and cash equivalents balances and no interest bearing debt. The interest earned on cash and cash equivalents is insignificant, and the Company does not rely on interest received to fund its operations. As a result, the Company is not at a significant risk to fluctuating interest rates.

b) Currency risk

The Company's operations are in Canada and the operating results and the financial position of the Company are reported in Canadian dollars.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

TANZANIA MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended February 28, 2019

SHARE CAPITAL

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

Issued and Outstanding:

The Company has the following common shares issued and outstanding:

Security Description	March 26, 2019	February 28, 2019
Common shares	9,405,038	9,405,038
Stock Options	14,167	14,167
Warrants	6,999,932	6,999,932

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the year ended	
	February 28, 2019	February 28, 2018
Consulting and directors fees	\$ 44,500	\$ 99,000
	<u>\$ 44,500</u>	<u>\$ 99,000</u>

Other related parties

As at February 28, 2019, \$2,176 (February 28, 2018, \$74,955) was included in accounts payable due various related parties.

TANZANIA MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended February 28, 2019

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ACCOUNTING POLICIES

For a summary of the Company's significant accounting policies and new standards adopted during the year, see Note 4 to the Annual Audited Financial Statements for the year ended February 28, 2019.

New accounting pronouncements

The Company has initially adopted IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments from March 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's financial statements. In the case of IFRS 15, because the Company does not have any revenue from contracts with customers the adoption of this standard did not have any effect on the Company's financial statements.

RISKS AND UNCERTAINTIES

Resource exploration and evaluation is characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Exploration and Evaluation Efforts May Not Be Successful

There is no certainty that the expenditures to be made by the Company in the exploration of its properties as described herein will result in the discovery of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will

TANZANIA MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended February 28, 2019

be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Cash Flow

None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. The Company has paid no dividends on its shares since inception and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Proven Reserves and Resources

The properties in which the Company has an interest or the right to earn an interest are in the exploratory stage only and are without a known body of ore in commercial production.

No Guarantee of Clear Title to Mineral Properties

While the Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Uncertainty of Obtaining Additional Funding Requirements

Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment of the shareholders of the Company. The recuperation value of mining properties indicated in the statement of financial position depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs.

The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

TANZANIA MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended February 28, 2019

Competition

The mining industry is intensively competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Provincial, Federal and State governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Environmental Impact

The Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when full scale development commences. As the Company's project is still in the exploration and evaluation stage and no significant environmental impact has occurred to date, the Company does not currently consider that expenditures required meeting any ongoing environmental obligations at the projects material to its results or to financial condition to the Company at this time. However, these costs may become material in the future and will be reported in the Company's filings at that time.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the

TANZANIA MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended February 28, 2019

quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metal prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

The Ability to Manage Growth

Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

TANZANIA MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended February 28, 2019

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties.

Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the financial statements and the accompanying notes, the MD&A, and other information contained in this report.

Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the financial statements. The preparation of the financial statements in accordance with IFRS is also the responsibility of management.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

TANZANIA MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended February 28, 2019

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com

**APPENDIX C.
FINANCIAL STATEMENTS OF JUSHI**

JUSHI, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018, AND FOR THE PERIOD FROM
JANUARY 23, 2018 (INCEPTION DATE) TO DECEMBER 31, 2018

(Expressed in United States Dollars)

JUSHI INC. AND SUBSIDIARIES
Consolidated Financial Statements
December 31, 2018

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JUSHI INC. AND SUBSIDIARIES
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Board of Directors and Stockholders of
Jushi, Inc. and Subsidiaries:

The accompanying consolidated financial statements in this annual report were prepared by management of Jushi Inc. and Subsidiaries ("the Company") and were reviewed and approved by the Board of Directors of Jushi Inc. and Subsidiaries.

Management is responsible for the consolidated financial statements and believes that they fairly present the Company's consolidated financial condition and results of operations in conformity with International Financial Reporting Standards. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of the consolidated financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

The consolidated financial statements have been audited by the Company's auditor, Macias Gini & O'Connell LLP, and their report is represented herein.

Chief Executive Officer

Chief Financial Officer

May 17, 2019



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Jushi, Inc. and Subsidiaries
Boca Raton, Florida

Opinion

We have audited the consolidated financial statements of Jushi, Inc. and Subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the period from January 23, 2018 (inception date) to December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the period from January 23, 2018 (inception date) to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Macias Gini & O'Connell LLP

Los Angeles, California
May 17, 2019

JUSHI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:

Cash		\$ 38,113,861
Investment in trading securities	Note 3	1,233,228
Accounts receivable		261,748
Due from related party	Note 12	263,729
Prepaid expenses and other current assets, including \$83,333 from a related party		<u>353,494</u>
Total Current Assets		<u>40,226,060</u>

OTHER ASSETS:

Financial asset	Note 4	5,454,252
Other assets		413,250
Goodwill	Note 5	170,000
Intangible assets, net	Note 6	<u>3,917,232</u>
Total Other Assets		<u>9,954,734</u>

Total Assets \$ 50,180,794

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable		\$ 404,260
Accrued expenses		<u>871,822</u>
Total Current Liabilities		1,276,082

LONG-TERM LIABILITIES:

Redemption liability	Note 5(i)	<u>7,388,547</u>
Total Liabilities		<u>8,664,629</u>

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY:

Share capital	Note 8	59,572,141
Accumulated deficit		<u>(18,055,976)</u>
Total Stockholders' Equity		<u>41,516,165</u>

Total Liabilities and Stockholders' Equity \$ 50,180,794

Approved and authorized on behalf of the Board of Directors on May 17, 2018:

Chief Executive Officer

Chief Financial Officer

See accompanying notes to the consolidated financial statements.

JUSHI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 23, 2018 (INCEPTION DATE) TO DECEMBER 31, 2018

REVENUE, INCLUDING \$223,919 FROM A RELATED PARTY	Note 2(m)	\$	523,364
OPERATING EXPENSES:			
Impairment of goodwill	Note 5(i)		8,990,000
Share-based compensation expense	Note 8 and 9		2,478,149
Amortization expense			210,768
Selling, general, and administrative expenses, including \$341,667 to related parties			<u>7,530,561</u>
Total Operating Expenses			<u>19,209,478</u>
LOSS FROM OPERATIONS			<u>(18,686,114)</u>
OTHER INCOME (EXPENSE):			
Interest income			854,469
Finance charges			<u>(224,331)</u>
Total Other Income (Expense)			<u>630,138</u>
NET LOSS		\$	<u>(18,055,976)</u>

See accompanying notes to the consolidated financial statements.

JUSHI, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE PERIOD FROM JANUARY 23, 2018 (INCEPTION DATE) TO DECEMBER 31, 2018

	Number of Shares			Share Capital	Accumulated Deficit	Total Stockholders' Equity
	Common Stock	Class A Common Stock	Class B Common Stock			
Balances - January 23, 2018	-	-	-	\$ -	\$ -	\$ -
Issuance of Common Stock for cash	14,944,658	-	-	7,472,329	-	7,472,329
Issuance of Common Stock as repayment to officers for capital contribution	5,805,342	-	-	2,902,671	-	2,902,671
Issuance of Common Stock for financial asset	250,000	-	-	125,000	-	125,000
Conversion of Common Stock to Class A Common Stock	(21,000,000)	21,000,000	-	-	-	-
Issuance of Class B Common Stock for cash	-	-	37,194,281	42,812,281	-	42,812,281
Issuance of Class B Common Stock for TGSNH acquisition	-	-	5,000,000	5,000,000	-	5,000,000
Capital raising costs	-	-	-	(1,218,289)	-	(1,218,289)
Share-based payments	-	-	-	2,478,149	-	2,478,149
Net loss	-	-	-	-	(18,055,976)	(18,055,976)
Balances - December 31, 2018	-	21,000,000	42,194,281	\$ 59,572,141	\$ (18,055,976)	\$ 41,516,165

See accompanying notes to the consolidated financial statements.

JUSHI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 23, 2019 (INCEPTION DATE) TO DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (18,055,976)
Adjustments to reconcile net loss to net cash used in operating activities:	
Amortization	210,768
Share-based payments	2,478,149
Original interest discount	(301,841)
Finance charge	91,547
Impairment of goodwill	8,990,000
Changes in operating assets and liabilities:	
Accounts receivable	(254,748)
Due from affiliate/related party	(162,729)
Prepaid expenses and other current assets	(311,494)
Other assets	(413,250)
Accounts payable and accrued expenses	1,167,082
Net cash flows used in operating activities	<u>(6,562,492)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash acquired in acquisition of TGSNH	13,000
Acquisition of MEND	(1,150,000)
Investment in trading securities	(1,233,228)
Investment in financial asset	(5,329,252)
Proceeds from sale of financial asset	105,000
Investment in notes receivable	(3,934,522)
Proceeds from notes receivable	9,128,034
Net cash flows used in investing activities	<u>(2,400,968)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Issuance of Common Stock for cash, net	7,472,329
Issuance of Class B Common Stock for cash, net	41,593,992
Payment on note payable	(1,989,000)
Net cash flows provided by financing activities	<u>47,077,321</u>
NET CHANGE IN CASH	38,113,861
CASH, BEGINNING OF YEAR	-
CASH, END OF YEAR	<u>\$ 38,113,861</u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	\$ -
Income tax	<u>\$ -</u>
NON-CASH INVESTING AND FINANCING ACTIVITY:	
Issuance of Class B Common Stock for TGSNH acquisition	\$ 5,000,000
Issuance of Common Stock as repayment to officers for capital contribution	<u>\$ 2,902,671</u>
Issuance of Common Stock in exchange for financial asset	<u>\$ 125,000</u>
Redemption liability incurred from acquisition	<u>\$ 7,296,568</u>
Exchange of due from related party for note receivable	<u>\$ 1,989,000</u>
All instruments in acquisitions:	
Fair value of common stock and warrants of \$5,000,000 issued upon acquisition of TGS National Holdings LLC	
Accounts Receivable	\$ 7,000
Investment	\$ 105,000
Other Assets	\$ 42,000
Due from Affiliate	\$ 2,090,000
Intangible Assets	\$ 3,148,000
Goodwill	\$ 8,990,000
Fair value of cash of \$1,150,000 issued in acquisition of Medicinal Excellence for Neurological Disorders LLC	
Intangible Assets	\$ 980,000
Goodwill	<u>\$ 170,000</u>

See accompanying notes to the consolidated financial statements.

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1. NATURE OF OPERATIONS

Jushi Inc. (the “Company”) was incorporated under the laws of the State of Delaware on January 23, 2018, primarily to engage globally in the business of cultivation, manufacturing, distribution and retail of both medical and adult use products derived from cannabis and hemp.

The Company’s strategic approach to cannabis is to target large adult use markets such as California, Massachusetts and Nevada as well as limited license medical markets such as New York, New Jersey, Ohio, Pennsylvania and Virginia. The Company will either purchase controlling interests in existing licenses or apply for licenses when possible. Jushi’s hemp initiative seeks to target California, Colorado, Florida, New York, and Oregon for purposes of the cultivation, extraction and processing of hemp derived cannabidiol (CBD). Jushi will leverage the Company’s medically formulated MEND brand that was acquired in 2018. Jushi will distribute hemp derived CBD via the wholesale channel or direct to consumers online or via dedicated CBD retail storefronts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) in effect for the period from January 23, 2018 (inception date) to December 31, 2018.

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 17, 2019.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(c) Functional Currency

The Company and its affiliates’ functional currency, as determined by management, is the United States (“U.S.”) dollar. These consolidated financial statements are presented in U.S. dollars.

(d) Basis of Consolidation

These consolidated financial statements as of and for the year ended December 31, 2018 include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in IFRS 10. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. All intercompany balances and transactions are eliminated on consolidation.

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The following are the Company's subsidiaries that are included in these consolidated financial statements as of and for the year ended December 31, 2018:

- TGS National Holdings, LLC and Subsidiaries, 51% owned
- JMGT, LLC, wholly-owned
- Sound Wellness, LLC, wholly-owned
- Medicinal Excellence for Neurological Disorders, LLC, wholly-owned
- JCVCA, LLC, wholly-owned

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions and other deposits that are readily convertible into cash, generally with an original maturity of three months or less.

(f) Investment in Trading Securities

Equity securities held for sale are classified as trading securities. Unrealized gains and losses are included in other income and expense in the consolidated statement of operations.

(g) Accounts Receivable and Expected Credit Loss

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit loss reflects the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of trade receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

(h) Investments

The Company first determines if it has control over an investee, and if so, whether the investee should be consolidated or if the Company has significant influence or does not have control or significant influence. Investments that are controlled are consolidated. Investments in which the Company has significant influence, but no control are considered investments in associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Investments in associates accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's investment in an associate is adjusted for the Company's share of income (loss) and distributions of the investee. The carrying value of investments in associates is assessed for impairment at each statement of financial position. Investments that are neither controlled, or the Company does not have significant influence, are first recognized at fair value. At each reporting period, changes in fair value are recognized through other comprehensive income.

(i) Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

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Amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively.

(j) Goodwill

Goodwill represents the excess for the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit (“CGU”) or CGUs to which it relates. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company allocates goodwill to one or more CGU’s for the purpose of impairment testing. The determination of these CGU’s was based on management’s judgment in regard to several factors such as shared infrastructure, geographical proximity, and exposure to market risk and materiality. Currently, the Company has one reportable segment. The Company has determined that the goodwill associated with all acquisitions belongs to this segment as this is the lowest level at which management monitors goodwill.

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the CGU to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill. CGUs have been grouped for purposes of impairment testing. Impairment is determined for goodwill by assessing if the carrying value of CGUs, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. As of December 31, 2018, the Company recognized an impairment loss of \$8,990,000 related to the goodwill associated with the acquisition of TGSNH.

(k) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

(l) Income Taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity. As noted further in Note 10, the Company is subject to the limitations of Section 280E of the Internal Revenue Code.

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Current Tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which may differ from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(m) Revenue Recognition

The Company has adopted IFRS 15 “Revenue from Contracts with Customers” for the period from January 23, 2018 (inception date) to December 31, 2018.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRS standards. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Franchise Fees and Licensing Revenues

Revenues earned by the Company for initial franchise fees and licensing are recognized over the time period beginning with initial application and ending after the Company’s obligations related to the franchise sale (training, etc.) have been provided to the franchisee or licensee. For the period from January 23, 2018 (inception date) to December 31, 2018, the Company recognized franchise fee revenue of \$299,445.

Royalty Revenues

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The Company's franchise requires the reporting of volume and corresponding royalty payments to be made periodically. For the period from January 23, 2018 (inception date) to December 31, 2018, the Company recognized royalty revenues of \$223,919.

Consulting Revenues

The Company recognizes revenue from consulting services on a straight-line basis over the term of third party consulting agreements as services are provided.

(n) Share-Based Compensation

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity settled share-based payments under share-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserve for share-based payments, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

(o) Financial Instruments

The Company has adopted IFRS 9, "Financial Instruments", for the year ending December 31, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements for hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The adoption of IFRS 9 had no impact on the Company's consolidated financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39, "Financial Instruments: Recognition and Measurement", to the new measurement categories under IFRS 9.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent

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solely payments of principal and interest (“SPPI”). Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Financial liabilities are not reclassified.

Financial Assets

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

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Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Derecognition of Financial Assets and Financial Liabilities

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings,

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the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

The following table provides a summary of the Company's classification and measurement of financial assets and liabilities:

	<u>Classification</u>	<u>Measurement</u>
Cash	Amortized Cost	Amortized Cost
Investment in Trading Securities	FVTPL	FVTPL
Accounts Receivable	Amortized Cost	Amortized Cost
Financial Asset	FVTPL	FVTPL
Accounts Payable and Accrued Expenses	Amortized Cost	Amortized Cost
Redemption Liability	FVTPL	FVTPL

(p) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) Estimated Useful Lives of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives or other relevant factors or change.

(ii) Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with International Standards on Auditing ("IAS") 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRS 9, as appropriate, with

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the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. See “Note 5 - Acquisitions”.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(iii) *Share-Based Compensation*

The Company uses the Black-Scholes option-pricing model and the Monte Carlo Simulation Model to determine the fair value of equity-based grants. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term, volatility of the Company’s future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

(iv) *Deferred Tax Assets*

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management’s estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. See “Note 10 – Provision for Income Taxes and Deferred Income Taxes”.

(v) *Goodwill and Cash Generating Units*

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

(q) Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

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(i) *IFRS 16, Leases*

In January 2016, the IASB issued IFRS 16, *Leases* (“*IFRS 16*”) which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. The Company is examining the potential impact of this new standard on its consolidated financial statements.

(ii) *IAS 28, Long-term Interests (“IAS 28”)*

In October 2017, the IASB amended IAS 28, *Long-term Interests in Associates and Joint Ventures*. The amendments were added to clarify that an entity applies IFRS 9, *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The standard which will be effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is currently assessing the impact of this standard.

3. TRADING SECURITIES

Trading securities represent investments in mutual funds, which were valued at \$1,233,228 with fees paid of \$10,914 at December 31, 2018.

4. FINANCIAL ASSET

During 2018, the Company made several purchases of equity for cash totaling \$5,454,252 representing a 16.5% stake in Gloucester Street Capital, LLC (“GSC”), the parent company of New York state licensed cannabis operator Valley Agraceuticals, LLC. In October 2018, the owners of GSC executed definitive agreements to sell 100% of the company to Cresco Labs Inc. for a combination of cash, stock and contingent consideration. The closing of the sale remains subject to regulatory approval.

5. ACQUISITIONS

Business Acquisitions

The purchase price allocations for the acquisitions, as set forth in the table below, reflect various preliminary fair value estimates and analyses that are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the valuation of intangible assets acquired and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company’s consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected

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A summary of business acquisitions completed for the year ended December 31, 2018 is as follows:

(i) TGS National Holdings, LLC and Subsidiaries

On February 13, 2018, the Company entered a series of transactions with TGSNH that closed on March 19, 2018 (“Closing Date”). TGSNH is a franchisor affiliated with a large Colorado based cannabis operator, The Green Solution (“TGS Colorado”). At the time, TGSNH held a number of franchise agreements with state-licensed cannabis operators. The Company purchased 51% of TGSNH for equity consideration valued at \$5,000,000 consisting of 5,000,000 shares of Jushi’s common stock and warrants to purchase 2,500,000 shares of common stock at a price of \$2.00 per share (“Tranche 1”). The acquisition was accounted for in accordance with IFRS 3, “*Business Combinations*” (“IFRS 3”).

In addition to acquiring 51% of TGSNH in Tranche 1, the Company has the exclusive right (the “Call Option”) to purchase the remaining 49,000 units, or 49%, of TGSNH (“Tranche 2”) for a period of 30 months from the Closing Date (the “Option Period”). The Seller may also require the Company to purchase the remaining 49% no earlier than 12 months from the Closing Date, but before the end of the Option Period (the “Put Option”).

The consideration to be paid for either the Call Option or Put Option (the “Redemption Liability”) shall be \$7,000,000 if purchased within 18 months from the Tranche 1 closing, or \$8,500,000 if purchased on or after 18 months through the end of the Option Period. The purchase price is subject to an adjustment for working capital as defined in the Equity Interest Purchase Agreement. The consideration for Tranche 2 shall be paid in the form of the Company’s Common Stock. The adjusted present value of the Redemption Liability was \$7,388,547 as of December 31, 2018.

Although the Company owns 51% of TGSNH, it fully consolidates TGSNH due to the terms of a series of transactions entered into on March 19, 2018, which terms include a written put option with a fixed price that is accompanied by similarly priced call option which are exercisable at the same future date and are similar in substance to a fixed price forward. Fixed price forwards that will settle with shares of the noncontrolling interest’s shares for fair value results in a transfer of risks and rewards of ownership of the shares to the parent on the date the contract is written. When the risks and rewards of ownership transfer to the acquiring company, the noncontrolling interest is not presented in the acquiring company’s financial statements.

(ii) Medicinal Excellence for Neurological Disorders, LLC

On November 6, 2018, the Company acquired all of the membership interests in Medicinal Excellence for Neurological Disorders, LLC (“MEND”), a Delaware limited liability company in exchange for \$525,000. MEND owns rights to the ‘MEND’ brand and certain formulations. The acquisition was accounted for in accordance with IFRS 3.

On November 6, 2018, the Company also purchased the rights to certain anonymized cannabinoid treatment data developed by Dr. Laszlo Mechtler of the Dent Neurologic Group LLP and the Dent Cannabis Clinic (the “Data Purchase Agreement”) for a combination of an upfront payment of \$625,000 and contingent cash and equity consideration. An Advisory and Consulting Agreement was also executed between the Company and Dr. Mechtler, naming

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him the Medical Director of the Company, and a Consultant. The Company accounted for the acquisition of MEND and the upfront cash payment for the Data Purchase Agreement of \$625,000 as one business combination due to the fact that these transactions are linked and would not have been completed unless each transaction was completed. Since the future payments under both the Advisory and Consulting Agreement and the Data Purchase Agreement are contingent on Dr. Mechtler's participation and continuing effort which Dr. Mechtler may terminate at any point, those future payments, which consist of the following; two cash payments of \$312,500 paid on May 7, 2019 and to be paid on November 9, 2019 and two equity issuances of \$312,500 issued on May 5, 2019 and to be issued on November 19, 2019 of Class B Common Stock with a three-year vesting period are considered post-combination compensation under IFRS 3.B55 and will be accounted for separately from the business combination.

The following table summarizes the consideration for the acquisitions during the period from January 23, 2018 (inception date) to December 31, 2018:

<u>Total Consideration</u>	<u>TGS National</u>	<u>MEND</u>	<u>Total</u>
<i>Closing Date:</i>	<i>March 19, 2018</i>	<i>November 6, 2018</i>	
Cash Paid	\$ -	\$ 1,150,000	\$ 1,150,000
Stock Issued:			
Class B Common Stock	5,000,000	-	5,000,000
Other Liabilities Assumed	109,000	-	109,000
Note Payable Assumed	1,989,000	-	1,989,000
Redemption Liability	<u>7,297,000</u>	<u>-</u>	<u>7,297,000</u>
Total Consideration	<u>\$ 14,395,000</u>	<u>\$ 1,150,000</u>	<u>\$ 15,545,000</u>
<i>Number of Shares Issued:</i>			
<i>Class B Common Stock</i>	5,000,000	-	5,000,000
<i>Number of Warrants Issued:</i>			
<i>Class B Common Stock</i>	2,500,000	-	2,500,000

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<u>Estimate of Net Assets Acquired</u>	<u>TGS National</u>	<u>MEND</u>	<u>Total</u>
Cash	\$ 13,000	\$ -	\$ 13,000
Accounts Receivable	7,000	-	7,000
Investment	105,000	-	105,000
Other Assets	42,000	-	42,000
Due from affiliates	2,090,000	-	2,090,000
Intangible Assets:			
Franchise Agreements	1,850,000	-	1,850,000
Licensed Intellectual Property	1,290,000	-	1,290,000
Non-Compete	8,000	-	8,000
Patient Database	-	880,000	880,000
Trademark	-	50,000	50,000
Formulations	-	50,000	50,000
Total Intangible Assets	3,148,000	980,000	4,128,000
Total Identifiable Net Assets	5,405,000	980,000	6,385,000
Goodwill (1)	8,990,000	170,000	9,160,000
Total Preliminary Accounting Estimate of Net Assets Acquired	<u>\$ 14,395,000</u>	<u>\$ 1,150,000</u>	<u>\$ 15,545,000</u>

(1) As of the date of the Transaction, the Company noted indications of significant decline in TGSNH's market value. Accordingly, the Company recognized an impairment loss of \$8,990,000 related to the goodwill associated with the acquisition of TGSNH.

The supplemental information shown below is presented on an unaudited pro forma basis, as if these acquisitions had been completed as of January 1, 2018 and presents revenues and net loss of the Company for the period from January 23, 2018 (inception date) to December 31, 2018 as if the acquisition had been completed on January 1, 2018.

For the Year Ended December 31, 2018:	
Revenues	<u>\$ 610,739</u>
Net Loss	<u>\$ (18,143,538)</u>

MEND did not have any operations prior to its acquisition by the Company.

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6. INTANGIBLE ASSETS

As of December 31, 2018, intangible assets consisted of the following:

	<u>Balance at</u> <u>January 23, 2018</u>	<u>Additions from</u> <u>Acquisitions</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Balance at</u> <u>December 31, 2018</u>	<u>Estimated</u> <u>Useful Life</u>
Finite life intangible asset -					
Franchise Agreements	\$ -	\$ 1,850,000	\$ (103,904)	\$ 1,746,096	15 Years
Intellectual Property	-	1,290,000	(96,603)	1,193,397	10.5 Years
Patient Database	-	880,000	(8,519)	871,481	14 Years
Tradenname	-	50,000	(484)	49,516	15 Years
Non-compete	-	8,000	(1,258)	6,742	5 Years
	-	4,078,000	(210,768)	3,867,232	
Indefinite life intangible asset -					
Formulations	-	50,000	-	50,000	Indefinite
Total Intangible Assets	<u>\$ -</u>	<u>\$ 4,128,000</u>	<u>\$ (210,768)</u>	<u>\$ 3,917,232</u>	

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense of \$210,768 for the period from January 23, 2018 (inception date) to December 31, 2018.

Estimated amortization expense for finite life intangible assets for the years ending December 31, 2019 and thereafter is as follows:

<u>Year Ending December 31,</u>	<u>Estimated</u> <u>Amortization</u> <u>Expense</u>
2019	\$ 318,600
2020	318,600
2021	318,600
2022	318,600
2023	317,342
2024 & Thereafter	2,275,490
	<u>\$ 3,867,232</u>

7. NOTES RECEIVABLE

(a) Beacon Note

The Company entered into a Note Purchase Agreement (the "Note Purchase") with Beacon Holding, LLC ("Beacon") on February 13, 2018. The Company agreed to purchase up to \$9,000,000 of original issue discount promissory notes, in three tranches (Tranche 1, Tranche 1A and Tranche 2).

- Tranche 1 Note: On February 13, 2018, the Company purchased a \$3,000,000, 3% original issue discount ("OID") secured promissory note bearing interest at 15% per annum with a maturity date of February 13, 2020. Two officers of the Company paid \$2,910,000 to Beacon for the Tranche 1 Note on behalf of the Company. The officers were subsequently reimbursed for their capital contribution through the Company's issuance of 5,805,342 shares of Common Stock.

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- Tranche 1A Note: On March 23, 2018, the Company purchased a \$428,034, 3% OID secured promissory note bearing interest at 15% per annum with a maturity date of September 22, 2018. The Company paid \$415,193 in accordance with a First Amendment to the Note Purchase Agreement dated March 23, 2018 (“Amendment No. 1 Note Purchase”).
- Tranche 2 Note: On April 20, 2018, the Company purchased a \$2,300,000, 3% OID secured promissory note bearing interest at 15% per annum with a maturity date of February 13, 2020. The Company paid \$2,231,000 to Beacon for the Tranche 2 Note.

All obligations of Beacon under the Note Purchase including the payment of the original principal amount and other payments are guaranteed pursuant to a Guaranty Agreement dated February 13, 2018. Certain of the guarantors pledged collateral in a Pledge and Escrow Agreement entered into with the Company on February 13, 2018. The pledged collateral consisted of the following: (i) 95% of the TGSNH units beneficially owned by the pledging entities; (ii) 415,150 common shares of Organigram, Inc. (“OGI”) owned beneficially by the pledging entities; and (iii) stock options to purchase 475,000 common shares of OGI at an exercise price of C\$1.58 per common share to the extent vested and/or future vested of which stock options are owned beneficially by the pledging entities.

The following schedule summarizes the Notes issued to the Company by Beacon:

<u>Original Principal Amount</u>	<u>Original Issue Discount</u>	<u>Issuance Price</u>	<u>Origination Date</u>	<u>Maturity Date</u>
\$ 3,000,000	3.0%	\$ 2,910,000	February 13, 2018	February 13, 2020
428,034	3.0%	\$ 415,193	March 23, 2018	September 22, 2018
<u>2,300,000</u>	3.0%	<u>\$ 2,231,000</u>	April 20, 2018	February 13, 2020
<u>\$ 5,728,034</u>		<u>\$ 5,556,193</u>		

On June 12, 2018, the Company entered into a Debt Sale and Assignment of Tranche Notes Agreement, (the “Notes Sale Agreement”) with Health Diagnostics, LLC (“HD”). The terms of the Notes Sale Agreement included the sale, transfer and assignment of the funded tranche notes (Tranche 1, Tranche 1A and Tranche 2) for consideration of \$5,756,674 which included a pro-rata portion of interest for June 2018.

As part of the Notes Sale Agreement, the Company was granted a call option to purchase all or any part of the notes from Health Diagnostics for a purchase price as defined in the Notes Sale Agreement. As partial consideration for entering into the Notes Sale Agreement the Company issued a warrant to purchase 1,000,000 shares of Class B Common Stock of Jushi at an exercise price of \$2.00 per share of Class B Common Stock at a grant date fair value of \$70,000. The warrants were issued to Black Fin Capital LLC as a designee of IID.

(b) San Felasco Nursery, Inc.

On March 23, 2018 TGS National Franchise entered into a note with San Felasco Nursery, Inc. (“SFN”) in the amount of \$1,400,000, at 9% interest due at March 23, 2019 with no prepayment penalty. On November 21, 2018, SFN paid \$1,400,000 principal and \$41,841 in interest to the Company.

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(c) TGS Illinois

On April 11, 2018, TGS Illinois LLC, exchanged a Due from Related Party balance assumed by Jushi as part of its acquisition of TGSNH for a senior promissory note totaling \$2,000,000 with an original issue discount of 1.5% and a maturity date of October 11, 2018. The senior promissory note was repaid to the Company in full on its maturity date.

8. STOCKHOLDERS' EQUITY

(a) Authorized

The Company was formed on January 23, 2018 with an authorized share capital of 200,000,000 shares of Common Stock with a par value of \$0.00001.

On February 13, 2018, the Company amended and restated its certificate of incorporation, to among other things, designate 21,000,000 shares of Common Stock as Class A Common Stock with a par value of \$0.00001 and 35,000,000 shares as Class B Common Stock with a par value of \$0.00001. In addition, upon such amendment and restatement of the existing certificate, each share of Common Stock was automatically changed and converted into one share of Class A Common Stock, and each warrant to purchase Common Stock was automatically changed and converted into one warrant to purchase Class A Common Stock.

On March 3, 2018, the Company amended its certificate of incorporation, to among other things, increase the authorized share capital of the Company to 400,000,000 shares. The Company has designated the following classes of stock:

(i) Class A Common Stock

The Company has designated 200,000,000 shares as Class A Common Stock with a par value of \$0.00001. Holders of Class A Common Stock are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class of shares of the Company has the right to vote. At each such meeting, holders of Class A Common Stock are entitled to 10 votes in respect of each share of Class A Common held. Holders of Class A Common Stock are entitled to receive as and when declared by the board of directors of the Company, dividends in cash or property of the Company.

(ii) Class B Common Stock

The Company has designated 200,000,000 shares as Class B Common Stock with a par value of \$0.00001. Holders of Class B Common Stock are entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class of shares of the Company will have the right to vote. At each such meeting holders of Class B Common Stock are entitled to one vote in respect of each share of Class B Common Stock held. Holders of Class B Common Stock are entitled to receive as and when declared by the board of directors of the Company, dividends in cash or property of the Company.

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(b) Issued and Outstanding

A reconciliation of the beginning and ending amounts of the issued and outstanding shares is as follows:

	<u>Common Stock</u>	<u>Class A Common Stock</u>	<u>Class B Common Stock</u>	<u>Restricted Stock</u>
Balance as of January 23, 2018	-	-	-	-
Common Stock issued for:				
Cash received, net of fees	21,000,000	-	-	-
Common Stock converted to:				
Class A Common Stock	(21,000,000)	21,000,000	-	-
Class B Common Stock issued for:				
Cash received, net of fees	-	-	37,194,281	-
Class B Common Stock issued for:				
TGSNH acquisition	-	-	5,000,000	-
Restricted Stock:				
Granted for services rendered	-	-	-	650,001
Balance as of December 31, 2018	<u>-</u>	<u>21,000,000</u>	<u>42,194,281</u>	<u>650,001</u>

(c) Non-Brokered Private Placement of Common Stock, Class A Common Stock, and Class B Common Stock

In February and March 2018, the Company completed a non-brokered private placement consisting of 14,944,658 shares of Common Stock and warrants to purchase an additional 14,944,658 shares of Common Stock at \$1.00 per share for gross proceeds of \$7,472,329. Upon the amendment and restatement of the Company's certificate of incorporation, each share of Common Stock was automatically changed and converted into one share of Class A Common Stock, and each warrant to purchase Common Stock was automatically changed and converted into one warrant to purchase Class A Common Stock.

Between March and October 2018, the Company completed three non-brokered private placements consisting of an aggregate of 37,194,281 shares of Class B Common Stock and warrants to purchase an additional 18,597,139 shares of Class B Common Stock at \$2.00 per share for total gross proceeds of \$42,812,281.

The Company incurred \$1,218,289 of costs related to the private placements.

(d) Warrants

Each whole Class A Common Stock and Class B Common Stock warrant entitles the holder to purchase one share of Class A Common Stock and Class B Common Stock of the Company, respectively.

A reconciliation of the beginning and ending balance of the warrants outstanding is as follows:

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	Number of Warrants	Average Exercise Price
Balance as of January 23, 2018	-	\$ -
Issued	51,484,639	\$ 1.42
Exercised	-	\$ -
Balance as of December 31, 2018	<u>51,484,639</u>	\$ 1.42

The following table summarizes the warrants that remain outstanding as of December 31, 2018:

Security Issuable	Exercise Price	Number of Warrants		Expiration Date
Class A Common Stock	\$ 0.50	4,812,500	(1)	February 13, 2028
Class A Common Stock	\$ 1.00	21,000,000	(2)	February 13, 2028
Total Class A Common Stock		<u>25,812,500</u>		
Class B Common Stock	\$ 1.00	750,000	(1)	November 10, 2019
Class B Common Stock	\$ 1.35	1,000,000	(1)	July 1, 2028
Class B Common Stock	\$ 1.50	750,000	(1)	May 10, 2020
Class B Common Stock	\$ 1.50	325,000	(3)	September 27, 2023
Class B Common Stock	\$ 2.00	7,075,000	(2)	March 16, 2020
Class B Common Stock	\$ 2.00	925,000	(2)	March 30, 2020
Class B Common Stock	\$ 2.00	3,000,000	(2)	April 30, 2020
Class B Common Stock	\$ 2.00	2,210,863	(2)	May 29, 2020
Class B Common Stock	\$ 2.00	2,564,610	(2)	June 4, 2020
Class B Common Stock	\$ 2.00	1,181,297	(2)	June 8, 2020
Class B Common Stock	\$ 2.00	398,148	(2)	June 20, 2020
Class B Common Stock	\$ 2.00	242,221	(2)	June 27, 2020
Class B Common Stock	\$ 2.00	750,000	(1)	October 11, 2020
Class B Common Stock	\$ 2.00	1,000,000	(4)	June 12, 2020
Class B Common Stock	\$ 2.00	2,500,000	(5)	March 20, 2020
Class B Common Stock	\$ 2.25	1,000,000	(2)	October 29, 2020
Total Class B Common Stock		<u>25,672,139</u>		
		<u>51,484,639</u>		

(1) - Issued for services rendered

(2) - Issued with the sale of stock

(3) - Issued in connection with a contemplated financing

(4) - Issued in connection with the sale of the Notes

(5) - Issued in connection with the acquisition of TGS National

The expiration dates of the warrants in the table above are based upon the term of the warrants beginning on the warrant issuance date. Many of the warrants have expiration dates that are subject to certain terms described in the warrant agreements. Specifically, many of the warrants have an expiration date that does not start until there is an exercise trigger/liquidity event. For this purpose, an exercise trigger/liquidity event is an amalgamation, share exchange, merger, plan or arrangement, or other form of business combination pursuant to which the Company's Common Stock (or the common shares of the resulting issuer) becomes listed on the Canadian Securities Exchange or any other securities exchange. In addition, many of the warrants contain terms under which the Company can accelerate the expiration date following a liquidity event if the volume weighted average price for any twenty consecutive trading days equals or exceeds a certain per share price.

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During the period from January 23, 2018 (inception date) to December 31, 2018, the Company recorded share-based compensation expense related to warrants issued for services rendered of \$1,869,792, including \$1,481,250 to related parties, for 8,062,500 warrants including 4,295,000 to related parties, issued with a fair value ranging from \$0.04 to \$0.35 per warrant.

During the period from January 23, 2018 (inception date) to December 31, 2018, the Company recorded a finance charge related to warrants issued in the sale of the Notes to Health Diagnostics. The finance charge was \$70,000 and 1,000,000 warrants were issued with a fair value of \$0.07 per warrant.

During the period from January 23, 2018 (inception date) to ended December 31, 2018, the Company recorded a finance charge related to warrants issued for the commitment of capital by a group of shareholders which was intended to fund an acquisition that did not occur. The finance charge was \$55,250 and 325,000 warrants were issued with a fair value of \$0.17 per warrant.

The fair value of warrants issued was determined using a Monte Carlo simulation model taking into account the fair value of a share of the Company's stock on the date of grant and into the future encompassing a wide range of possible future market conditions with the following assumptions at the time of issuance:

Risk-Free Annual Interest Rate	2.40% - 2.94%
Expected Annual Dividend Yield	-
Expected Stock Price Volatility	75% -85%
Expected Life of Warrants	1 - 11 years

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that the warrants issued are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants.

As of December 31, 2018, warrants outstanding have a weighted-average remaining contractual life of 5.4 months.

9. SHARE-BASED COMPENSATION

On February 13, 2018, the Company adopted the 2018 Equity Incentive Plan (the "Plan"). Under the terms of the Plan employees, directors and consultants are eligible to receive awards. The Plan provides for the grant of the following types of awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards and (vi) Other Awards. The Plan, through the granting of awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

The aggregate number of shares of Common Stock that may be issued pursuant to awards will not exceed 20,000,000 shares (the "Share Reserve"). At no time during the term of the Plan may awards be issued if the number of shares of Common Stock issued pursuant to existing awards shall exceed the lessor of: (i) 20,000,000 shares and (ii) 10% of the number of outstanding shares of common stock (of all classes) of the Company. On November 30, 2018 the Plan was amended to increase the number of outstanding shares of common stock (of all classes) from 10% to 15%.

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A summary of share-based compensation expense from stock options and restricted stock grants for the period from January 23, 2018 (inception date) to December 31, 2018 is as follows:

Stock Options:	
Directors	\$ 188,692
Employees	<u>263,359</u>
Total Stock Options	452,051
Restricted Stock Grants	<u>31,056</u>
	<u>\$ 483,107</u>

(a) Stock Options

A reconciliation of the beginning and ending balance of stock options outstanding is as follows:

	Number of Stock Options	Weighted- Average Exercise Price
Balance as of January 23, 2018	-	\$ -
Granted	6,574,998	\$ 1.10
Forfeited	-	\$ -
Exercised	-	\$ -
Balance as of December 31, 2018	<u>6,574,998</u>	\$ 1.10

The following table summarizes the stock options that remain outstanding as of December 31, 2018:

Security Issuable	Exercise Price	Expiration Date	Stock Options Outstanding		Stock Options Exercisable
Class B Common Stock	\$ 1.00	May 25, 2028	4,699,998	(1) (2)	-
Class B Common Stock	\$ 1.35	October 12, 2028	925,000	(1)	-
Class B Common Stock	\$ 1.35	December 1, 2028	950,000	(1)	-
			<u>6,574,998</u>		<u>-</u>

(1) - Issued to employees of certain subsidiaries of the Company under the Company's Plan. Such options expire in ten years from the date of grant and generally have the following vesting conditions: 1/3rd of the options will vest on each anniversary of the grant date.

(2) - Includes 2,219,229 stock options issued to directors of the Company under the Company's Plan.

The fair value of stock options granted was determined using the Black-Scholes option-pricing model with the following assumptions at the time of grant:

Risk-Free Annual Interest Rate	2.64% - 3.10%
Expected Annual Dividend Yield	0%
Expected Stock Price Volatility	85%
Expected Life of Stock Options	6 - 7 years
Forfeiture Rate	-

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents

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the period of time that stock options issued are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the options.

During the period from January 23, 2018 (inception date) to December 31, 2018, the weighted-average fair value of stock options granted was \$0.27 per option. As of December 31, 2018, stock options outstanding have a weighted-average remaining contractual life of 9.74 years.

(b) Restricted Stock Grants

During the period from January 23, 2018 (inception date) to December 31, 2018, the Company granted to 650,001 restricted Class B Common Stock shares to consultants. The restricted shares will vest one-third on each anniversary of the grant date. These shares were valued using the Company stock valuation.

10. PROVISION FOR INCOME TAXES AND DEFERRED INCOME TAXES

The Company is subject to income taxes in the U.S. federal and various state jurisdictions. The reconciliation between the effective tax rate on income from operations and the statutory tax rate is as follows:

Expected Income Tax Benefit at Statutory Tax Rate	\$ (1,413,446)
Permanent Non-Deductible Items	1,413,446
Net Changes in Deferred Tax Assets Not Recognized	(4,718)
Valuation Allowance	4,718
Reported Income Tax Expense	\$ -
Effective Tax Rate	0%

The net deferred tax assets for the period from January 23, 2018 (inception date) to December 31, 2018, have been offset by 100% valuation allowance. Based upon available objective evidence, management believes that the deferred tax assets will not be realized.

As of December 31, 2018, the Company had state net operating loss carryforwards of approximately \$102,000 that can be carried forward indefinitely. Federal and state laws can impose substantial limitations on the utilization of net operating loss and tax credit carry-forwards in the event of an “ownership change”, as defined in Section 382 of the Internal Revenue Code. As of December 31, 2018, we have not determined the effect, if any, of this limitation in future years.

IFRIC 23, Uncertainty over Income Tax Treatments (“IFRIC 23”) clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers uncertain tax treatments separately or as a group, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Company is early adopting IFRIC 23 as of December 31, 2018, and the standard did not have a material impact to the financial statements.

Internal Revenue Code (“IRC”) Section 280E denies, at the US federal level, deductions and credits attributable to a trade or business trafficking in controlled substances. Case law shows that “cost of goods sold” has been permitted as a deduction in determining taxable income. Certain subsidiaries of the Company with medical and recreational cannabis operations are subject to IRC Section 280E, for those subsidiaries, the Company’s US tax is based on gross receipts less cost of goods sold.

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11. COMMITMENTS AND CONTINGENCIES

(a) Office and Operating Leases

The Company leases certain business facilities in Florida and California from third parties under operating lease agreements that specify minimum rentals. The leases expire between 2021 and 2023 and contain certain renewal provisions. On January 15, 2019, the lease agreement for the California facility has been amended to extend 7 years from the regulatory permit date. Upon receiving the regulatory permit in California, the rent expense for that facility will increase to \$70,000 a month for the first year, \$76,000 for the second year and an increase of 3% every year until October 2023. The Company's net rent expense for the period from January 23, 2018 (inception date) to December 31, 2018 was \$64,041.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

<u>Year Ending December 31,</u>	<u>Scheduled Payments</u>
2019	\$ 263,600
2020	273,708
2021	187,828
2022	180,000
2023	<u>150,000</u>
Total Future Minimum Lease Payments	<u>\$ 1,055,136</u>

(b) Reverse Takeover

As of November 2, 2018, the Company entered into a letter agreement (the "Letter Agreement") with Tanzania Minerals Corp. ("Tanzania") pursuant to which the Company would effect a reverse takeover ("RTO") of Tanzania. The proposed transaction will be structured as an amalgamation, arrangement, takeover bid, share purchase or other similar form of transaction or a series of transactions that have a similar effect with Tanzania acquiring all voting securities of the Company. The final structure for the proposed transaction is subject to satisfactory tax, corporate and securities law advice as determined by the Company.

On April 29, 2019, a special shareholder meeting of Tanzania was held to approve all required matters in connection with the proposed transaction. The closing of the proposed transaction will take place in the second quarter of 2019. The Common Shares of Tanzania will remain halted until all necessary filings have been accepted by applicable regulatory authorities.

Tax attributes are subject to an annual limitation from equity shifts, which constitute a change of ownership as defined under Internal Revenue Code ("IRC") Section 382, which will limit their utilization. As of December 31, 2018, the Company has not determined the effect of these limitations and will reassess the effect, if any, of this limitation in the future years.

(c) Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company

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believes that the Company is in compliance with applicable local and state regulations as of December 31, 2018, medical marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

(d) Consulting Agreements

On August 20, 2018, the Company entered into a consulting agreement with CCIntegrated LLC (“CCI”) to assist the Company in forming a special purpose entity (“the SPE”) in connection with the Culver City, California cannabis business regulations, specifically the Company’s intention to obtain retail storefront business license to operate within Culver City. As of December 31, 2018, the license is still pending. The Company is obligated to pay a onetime success fee of \$10,000 to CCI, if the SPE is awarded the license. If the SPE is awarded the licenses and upon receiving the certificate of occupancy and opening the business, there is an additional one-time success fee of \$10,000 and CCI will be granted a 5% equity interest in the SPE. A commitment fund will also be set up to fund \$100,000 annually towards non-profit organizations in Culver City, California.

On May 23, 2018, the Company entered into a consulting agreement with Orbis to assist the Company in the 2018 Culver City Cannabis License application process. As of May 17, 2019, the application is still pending. The Company is obligated to pay Orbis \$125,000 success fee per approved license, business or location.

(e) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2018, there were no pending lawsuits that could reasonably be expected to have a material effect on the results of the Company’s operations. There are also no proceedings in which any of the Company’s directors, officers or affiliates is an adverse party or has a material interest adverse to the Company’s interest.

On June 1, 2018, TGS National, which controls TGS National Franchise, LLC (“TGS”). TGS, a franchisor, filed a lawsuit in Colorado state court against San Felasco Nurseries, Inc. (“SFN”), as assignee of Florida Compassionate Growers, LLC. The case is currently on appeal in Colorado state court. The action was filed primarily out of TGS’s 2018 exercise of a contractual right of first refusal to purchase SFN, its franchisee, following SFN entering into a letter of intent to sell its franchise to a third-party. TGS initially sought relief in arbitration (subsequently withdrawn) and then filed a lawsuit in Colorado state court. The state court lawsuit sought equitable relief. On August 14, 2018, the state trial court dismissed the lawsuit without reaching the merits based on a contractual limitations period. Based on a contractual provision entitling the prevailing party to attorneys’ fees and costs, the trial court also ordered TGS to pay SFN \$211,781 in combined attorney’s fees and costs. TGS has appealed both the dismissal and the award of attorney’s fees and costs. TGS filed its opening brief and SFN filed a response brief. The Company is pursuing this matter vigorously.

On October 22, 2018, TGS filed a claim in an arbitration action against SFN pending before the American Arbitration Association (“AAA”). During 2018, SFN terminated the franchise agreements between it and TGS. SFN then sold its business to a third-party. TGS contends the termination and transfer were wrongful and in late 2018 initiated arbitration seeking to recover its damages, primarily consisting of lost royalties for the remaining term of the franchise agreements. The AAA has not yet completed the appointment of a panel of arbitrators to determine this matter. The Company is pursuing this matter vigorously.

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(f) Biomass

On December 14, 2018, the Company entered into a Supply and Purchase Agreement (the "Agreement") with a Supplier with an initial term of 24 months that will automatically renew for successive 12-month period. The Company has certain minimum order quantities per Purchase Order of Product and will provide rolling six-month forecasts to the Supplier. Subject to the terms and conditions in the Agreement, the Company agreed to purchase CBD products and the Supplier agreed to exclusively produce, supply and sell to the Company CBD products and unconditionally grant to the Company a right of first offer to acquire any additional CBD products which the Supplier has the capacity to produce, based upon the terms and conditions in the Agreement.

12. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into during the normal course of business and measured at the amount established and agreed to by the parties. The Company had the following related party transactions during the year ended December 31, 2018.

Services Agreements

On July 1, 2018, the Company entered into a Services Agreement with One East Management Services LLC ("OEMS") to provide certain management, advisory and consulting services for Jushi. OEMS is owned and controlled by Jim Cacioppo, the CEO of the Company. The term of the Services Agreement is through May 31, 2020, and, will be automatically extended for additional one-year periods unless terminated by either party with sixty day written notice. The Company paid OEMS \$341,667 for services rendered during the period January 23, 2018 (inception date) to December 31, 2018. Also, in conjunction with the Services Agreement the Board of Directors approved the issuance of a warrant to purchase 1,000,000 fully paid and nonassessable shares of the Company's Class B Common Stock with a grant date fair value of \$250,000. On February 13, 2018, the Company issued One East Capital Advisors, LLP ("OECA") a warrant to purchase 1,375,000 shares with an exercise price of \$0.50 that vested upon issuance with a total grant date fair value of \$481,250 for reimbursement of services rendered prior to entering into the Services Agreement. OECA is owned and controlled by Jim Cacioppo, the CEO. There was no amount due from either OEMS or OECA at December 31, 2018.

On March 18, 2018, the Company entered into a Services Agreement with TGS National to provide certain management, advisory and consulting services, whereby the Company will provide these services to TGS National. Jushi acquired 51% of TGSNH on March 18, 2018. The term of the Services Agreement is in effect through February 17, 2019, with automatic one-year extensions unless terminated by either party with sixty day written notice. The Services Agreement was terminated on December 31, 2018. The monthly service fee was \$30,000 and was prorated for partial months. TGS National paid the Company \$300,539 for services rendered during the period January 23, 2018 (inception date) to December 31, 2018, which has been eliminated in consolidation. There was no amount due from TGS National at December 31, 2018.

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Franchise Agreements

On February 29, 2016, TGS National Franchise, LLC (“TGSNF”) entered into a Franchise Agreement with TGS Illinois, LLC (“TGSI”), to provide certain franchise systems for the operation of a retail cannabis business. The term of the Franchise Agreement is for a period of (10) ten years. Per the Franchise Agreement, a weekly royalty fee based on gross sales is to be remitted to TGSNF. For the period from January 23, 2018 (inception date) to December 31, 2018, the Company recognized revenue of \$233,919 under this agreement and at December 31, 2018, the amount due from TGSI was \$263,729. TGSNF is a wholly-owned subsidiary of TGS National Holdings, LLC, in which Jushi acquired 51% on March 18, 2018.

Consulting Agreements

On February 13, 2018, the Company and Mr. Denis Arseneault entered into a Consulting Agreement. Mr. Arseneault is to provide general business consulting and advice on the cannabis industry. The term of the Consulting Agreement is for a period of (5) five years. As consideration for the consulting services, the Company issued Mr. Arseneault warrants to purchase 2,750,000 shares of the Company’s Class A Common Stock at a price of \$0.50 per share with a grant date fair value was \$962,500 that vested upon issuance. Mr. Arseneault is a former director of the Board of Directors of Jushi.

Bridge Warrants

On September 27, 2018, Jushi entered into a Bridge Loan Facility with a syndicate of lenders to provide for a \$20,000,000 senior unsecured bridge loan facility. The syndicate of lenders who signed the Bridge Loan Facility, collectively, committed to make loans to the Company in an amount per lender as set forth in the Bridge Loan Agreement. Upon the syndicate of lenders signing the Bridge Loan Facility, each was entitled to receive a warrant to purchase such number of shares of Class B Common Stock of Jushi equal to the individual lenders (i) signing coverage amount multiplied by (ii) such lender’s bridge loan commitment percentage. The total warrants for the initial bridge loan maximum of \$20,000,000 was 500,000 shares of Class B Common Stock. The bridge warrants are exercisable for a period of five years from issuance, have an exercise price of \$1.50 per share of Class B Common Stock and vested upon issuance. The following bridge warrants were issued to related parties upon execution of the Bridge Loan Facility: (i) OECP received 175,000 bridge warrants with a grant date fair value of \$29,750; (ii) Mr. Denis Arseneault received 62,500 bridge warrants with a grant date fair value of \$10,625 and; (iii) Mr. Erich Mauff (member of the Board of Directors) received 25,000 bridge warrants with a grant date fair value of \$4,250. The Bridge Loan Facility was terminated during October 2018.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company’s financial instruments consist of cash and cash equivalents, investment in trading securities, accounts receivable due from related party, financial asset, accounts payable and accrued expenses and redemption liability. The carrying values of these financial instruments approximate their fair values as of December 31, 2018.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

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- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company’s investment in trading securities is considered to be a Level 1 instrument because it is comprised of shares of a public company, and there is an active market for the shares with observable market data or inputs. The Company’s financial asset is considered to be a Level 3 instrument because it is comprised of shares of a private company; thus, there is no active market for the shares and no observable market data or inputs.

The redemption liability related to the acquisition of 49% of TGSNH is recorded at fair value and is estimated using the present value of the Put Option and Call Option and is therefore considered to be a Level 3 measurement.

There was no change in the Company’s Level 3 financial asset during the period from January 23, 2018 (inception date) to December 31, 2018. Changes in the Level 3 financial liability were as follows:

Balance at January 23, 2018	\$	—
Additions		7,297,000
Revaluation of Level 3 Instruments		91,547
Balance at December 31, 2018	\$	<u>7,388,547</u>

There have been no transfers between fair value levels during the year.

The following table summarizes the Company’s financial instruments as of December 31, 2018:

	<u>Financial Assets</u>	<u>Financial Liabilities</u>	<u>Total</u>
Financial Assets:			
Cash	\$ 38,113,861	\$ -	\$ 38,113,861
Investment in trading securities	\$ 1,233,228	\$ -	\$ 1,233,228
Accounts receivable	\$ 261,748	\$ -	\$ 261,748
Due from related party	\$ 263,729		\$ 263,729
Financial assets	\$ 5,454,252		\$ 5,454,252
Financial Liabilities:			
Accounts payable and accrued expenses	\$ -	\$ 1,276,082	\$ 1,276,082
Redemption liability	\$ -	\$ 7,388,547	\$ 7,388,547

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company’s risk management processes:

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(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2018, is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions. Although some cash is placed with major U.S. financial institutions, there has been no change in the U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from business involved with the marijuana industry.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash.

“Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Canada Deposit Insurance Corporation (“CDIC”) up to \$100,000. As December 31, 2018, the Company had \$37,757,684 in excess of the CDIC insured limit.”

(b) Asset Forfeiture Risk

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

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company’s approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in “Note 11 - Commitments and Contingencies”, the Company has the following contractual obligations as of December 31, 2018:

	<u>< 1 Year</u>	<u>1 to 3 Years</u>	<u>3 to 5 Years</u>	<u>Total</u>
Accounts payable and accrued expenses	\$ 1,276,082	\$ -	\$ -	\$ 1,276,082

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(d) Market Risk

(i) Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. The Company had no exposure to foreign currency transactions for the period January 23, 2018 (inception date) to ended December 31, 2018.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

(iv) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the Company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in stockholders' equity and debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products, to fund operations and expansion activities.

As of December 31, 2018, the Company is not subject to externally imposed capital requirements.

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15. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 17, 2019, which is the date these consolidated financial statements were issued.

(a) Non-Brokered Private Placement of Class B Common Stock

In February and March 2019, the Company completed a non-brokered private placement consisting of 8,050,000 shares of Class B Common Stock and warrants to purchase an additional 4,025,000 shares of Class B Common Stock at \$3.00 per share for gross proceeds of \$16,100,000.

(b) Purchase and/or Lease of Commercial Real Estate

- (i)* On January 1, 2019, the Company entered into a commercial lease agreement with Erich Mauff, a member of the Board of Directors for an apartment on 118 Remsen Street, Apt.1 Brooklyn, New York. The monthly rental fee is \$2,550 which is paid in biannual installments. On April 1, 2019, the lease was terminated by the Company and Mr. Mauff.
- (ii)* On January 31, 2019, the Company purchased a commercial property on 28 Carpenter Street, Reading, Pennsylvania for \$195,000. The Company agreed to develop and lease the property to Agape Total Health Care, Inc.
- (iii)* On February 19, 2019, the Company entered into a commercial lease agreement to lease office space on 461 Ellicott Street, Second Floor, Buffalo, New York. The lease begins on March 1, 2019 for a two-year term. The monthly rental fee is \$2,425 for 2,315 square feet.
- (iv)* On March 6, 2019, the Company purchased a commercial property located at 3516 State Street, Santa Barbara, California for \$3,100,000. The property includes a building with suitable retail space of approximately 3,900 square feet. The Company agreed to develop and lease a portion of the property to GSG SBCA, Inc.
- (v)* On March 8, 2019, the Company purchased a commercial property on 101 N. Centre Street in Pottsville Pennsylvania for \$340,000. The Company agreed to develop and lease the property to Agape Total Health Care, Inc.
- (vi)* On April 10, 2019, the Company entered into a Sublease Agreement to lease retail space at 3980 Sheridan Drive, Amherst, New York. The lease commences on April 10, 2019 and expires on March 31, 2024. The base monthly rental fee is \$3,010 with a 3% annual increase for 936 square feet. In addition to the base monthly rental fee, the Company will pay a Sublandlord Percentage Rent which is 10% of gross sales per month.
- (vii)* On April 16, 2019, the Company entered into Lease Agreement to lease retail space at 24 Lancaster Avenue, Ardmore, PA. The lease commences upon the delivery of possession (anticipated June 2019) for a five-year term. The monthly rental fee is \$5,000 with a 3% annual increase for 5,800 square feet. The lease terms include a reimbursement to the landlord for 40% of the property's annual operating expenses, and a \$20,000 security deposit.
- (viii)* On April 18, 2019, the Company entered into a Commercial Lease Agreement to lease retail space at 1201-1203 Sansom Street, Philadelphia, Pennsylvania. The lease commences upon the completion of certain landlord improvements, for a two-year term. The monthly rental fee

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is \$3,000 with a 3% annual increase. The lease terms include a pro-rata share of common area expenses, and a \$9,000 security deposit.

(c) Purchase Orders

In January 2019, the Company placed a purchase order for \$620,000 in hemp biomass from a licensed grower and processor of industrial hemp in the State of New York

In March 2019, the Company placed purchase orders totaling \$522,000 with vendors for the purchase of certain CBD products which include the packaging and lab testing.

In April 2019, the Company entered into a letter of intent with Castetter Sustainability Group, Inc. ("Castetter") to acquire the entire yield of hemp biomass from no fewer than 100 acres through the 2019 growing season. In connection with the letter of intent, the Company paid Castetter \$250,000 for the purpose of purchasing the necessary seeds related to the 2019 growing season, this payment will be credited towards the final amounts due by the Company to Castetter for the purchased hemp biomass.

(d) Pending Business Acquisitions

(i) Malibu Community Collective, Inc.

In February 2019, the Company entered into a Membership Issuance and Acquisition of Management Agreement with Malibu Community Collective, Inc. ("MCC") pursuant to which it will, subject to the fulfillment of certain regulatory conditions, acquire 100% control of MCC. MCC has the right to operate one of only two adult use retail cannabis dispensaries in Malibu, California. Prior to that, in October 2018, the Company signed a lease giving it the right, subject to the fulfillment of certain regulatory conditions, to occupy approximately 3,000 square foot of space in a prime retail location on Pacific Coast Highway in Malibu. It is expected that closing of the definitive agreements will occur in the third quarter of 2019, subject to receipt of applicable regulatory approvals. The Company has agreed to advance up to \$75,000 to MCC for working capital uses which will be applied toward the purchase price. The Company has advanced \$60,000 as of May 17, 2019.

(ii) GSG SBCA, Inc.

In February 2019, the Company entered into a binding term sheet to acquire (i) 100% of GSG SBCA Inc. ("GSGSB"), subject to the fulfillment of certain conditions, and (ii) the contract to purchase the associated real estate. GSGSB has the right to operate one of only three adult use cannabis dispensaries in the City of Santa Barbara, California. The Company's acquisition of the real estate closed on March 3, 2019. An escrow account was established to hold funds on behalf of the Company ("Buyer") and GSGSB ("Seller") in accordance with a Securities Purchase Agreement ("SPA") dated March 3, 2019, in the amount of \$2,250,000. The Company's acquisition of the real estate closed on March 5, 2019. It is expected that the closing of the GSGSB acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

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Notes to the Consolidated Financial Statements
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(iii) Agape Total Health Care, Inc.

In February and March 2019, the Company purchased two commercial properties in Reading and Pottsville, Pennsylvania, and agreed to develop and lease these two properties to Agape Total Health Care, Inc. (“Agape”). Agape received a provisional dispensary permit in Round II from the Pennsylvania Department of Health and plans to open three dispensaries to sell medical cannabis. The Company has entered into a binding letter of intent, subject to negotiation of definitive documents and subsequent receipt of applicable regulatory approval, to purchase a majority stake in Agape. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

(iv) Franklin BioScience NV – Nevada, LLC

In April 2019, the Company entered into a definitive agreement to purchase 100% of the equity interests of Franklin BioScience NV, LLC (“FBS NV”), as well as related real estate owned by Farman LLC, for a combination of cash and sellers’ notes. FBS NV holds medical and adult use cannabis cultivation, processing and hemp handlers’ licenses issued by the Nevada Department of Taxation and currently operates a cultivation and production facility in North Las Vegas, Nevada. FBS NV has also applied for a cannabis distributor license. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals. The Company and FBS NV entered into a Credit and Security Agreement on April 23, 2019, which provides for advances of up to \$500,000 for working capital and capital expenditure purposes. The Credit and Security Agreement terminates on April 22, 2020. As of May 17, 2019 the Company has advanced \$40,000 to FBS-NV.

(e) Negotiation / Exclusivity Payment

In March 2019, the Company entered into a letter of intent to allow the company to negotiate definitive documents with a third party. Pursuant to the terms of the letter of intent, the Company made a payment of \$1,000,000.

(f) Consulting Agreements

On January 16, 2019, the Company entered into a consulting agreement with Orbis Capital, Inc. (“Orbis”) to assist the Company in the 2019 Pasadena application process. As of May 17, 2019, the application is still pending. The Company is obligated to pay Orbis \$125,000 success fee per approved license, business or location.

On April 8, 2019, the Company amended its Consulting Agreement dated February 13, 2018, with Denis Arsenault (“Amendment No. 1 Consulting”). The following are the amendments included in Amendment No. 1 Consulting: (i) issue an additional warrant to Mr. Arsenault to purchase 500,000 shares of Class B Common Stock at a price of \$2.00 per share that vest over a three-year period beginning one year after the grant date with an expiration date of April 18, 2029; (ii) payment of an additional one-time step up fee of \$150,000; and (iii) annual compensation of \$50,000 to be paid quarterly and prorated for partial periods for so long as Mr. Arsenault continues to consult for the Company.

(g) Services Agreement

JUSHI INC. AND SUBSIDIARIES

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On April 17, 2019, the Company amended its Services Agreement dated July 1, 2018 with OEMS (“Amendment No. 1 Services”). The following are the amendments included in Amendment No. 1 Services (i) issuance of an additional warrant to OEMS to purchase 800,000 shares of Class B Common Stock at a price of \$2.00 per share with an expiration date of April 19, 2029; and (ii) payment of an additional step-up fee of \$75,000.

(h) Employee Equity Based Awards

(i) Warrants

From January 1, 2019 through May 3, 2019, the Company has issued warrants to purchase 5,580,375 shares of Class B Common Stock with exercise prices ranging from \$1.50 to 3.00 per share. Directors of the Company were awarded 93,750 of the total warrants issued.

(ii) Stock Options and Restricted Stock

On April 11, 2019, the Board of Directors approved the grant of 6,743,000 stock options and 1,300,000 shares of restricted stock for a total of 8,043,000 shares of Class B Common Stock with an exercise price of \$2.00 per share under the 2018 Equity Incentive Plan. Directors of the Company were awarded 4,055,000 of the total approved.

(i) Payments

In accordance with the Advisory and Consulting Agreement and the Data Purchase Agreement, the Company paid \$312,500 on May 7, 2019 and on May 5, 2019 issued \$312,500 of Class B Common Stock with a three-year vesting period to Dr. Mechtler for services rendered. See Note 5.

**APPENDIX D.
PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER**

Jushi, Inc. and Subsidiaries
Pro Forma Consolidated Statement of Financial Position
As at December 31, 2018
(Unaudited)

	Jushi, Inc. and Subsidiaries (\$ USD)	Tanzania Minerals Corp. (\$ USD)	Note Ref.	Pro Forma Adjustments (\$ USD)	Pro Forma Consolidated (\$ USD)
	As at December 31, 2018	As at February 28, 2019			
Assets					
Current Assets:					
Cash	\$ 38,113,861	\$ 81,365	2c	\$ 16,100,000	
			2d	(3,635,000)	
			2e	68,200,270	
			2f	(3,069,012)	
			2g	(1,300,000)	
			2h	(1,000,000)	\$ 113,491,484
Investment in trading securities	1,233,228	-		-	1,233,228
Accounts receivable	261,748	691		-	262,439
Due from related party	263,729	-		-	263,729
Prepaid expenses and other current assets, including \$83,333 from a related party	353,494	4,915		-	358,409
Total Current Assets	<u>40,226,060</u>	<u>86,971</u>		<u>75,296,258</u>	<u>115,609,289</u>
Other Assets:					
Property	-	-	2d	3,635,000	3,635,000
Financial asset	5,454,252	-		-	5,454,252
Other assets	413,250	-		-	413,250
Goodwill	170,000	-		-	170,000
Intangible assets, net	3,917,232	-		-	3,917,232
Total Other Assets	<u>9,954,734</u>	<u>-</u>		<u>3,635,000</u>	<u>13,589,734</u>
Total Assets	<u>\$ 50,180,794</u>	<u>\$ 86,971</u>		<u>\$ 78,931,258</u>	<u>\$ 129,199,023</u>
Liabilities and Stockholders' Equity					
Current Liabilities:					
Accounts payable	\$ 404,260	\$ 67,336		\$ -	\$ 471,596
Accrued expenses	871,822	-		-	871,822
Total Current Liabilities	<u>1,276,082</u>	<u>67,336</u>		<u>-</u>	<u>1,343,418</u>
Long-Term Liabilities:					
Redemption liability	7,388,547	-		-	7,388,547
Total Liabilities	<u>8,664,629</u>	<u>67,336</u>		<u>-</u>	<u>8,731,965</u>
Stockholders' Equity:					
Share capital	59,572,141	-	2a	(59,572,141)	-
Capital stock	-	10,450,023	2a	59,572,141	
			2b	(10,450,023)	
			2b	2,660,000	
			2c	16,100,000	
			2e	68,200,270	
			2f	(3,069,012)	143,463,399
Reserves	-	1,844,887	2b	(1,844,887)	-
Accumulated deficit	(18,055,976)	(12,931,719)	2b	12,931,719	
			2b	(2,640,365)	
			2g	(1,300,000)	
			2h	(1,000,000)	(22,996,341)
Accumulated other comprehensive income	-	656,444	2b	(656,444)	-
Total Stockholders' Equity	<u>41,516,165</u>	<u>19,635</u>		<u>78,931,258</u>	<u>120,467,058</u>
Total Liabilities and Stockholders' Equity	<u>\$ 50,180,794</u>	<u>\$ 86,971</u>		<u>\$ 78,931,258</u>	<u>\$ 129,199,023</u>
	-	-		-	-

Jushi, Inc. and Subsidiaries
Pro Forma Consolidated Statement of Comprehensive Loss
As at December 31, 2018
(Unaudited)

	Jushi, Inc. and Subsidiaries (\$USD)	Tanzania Minerals Corp. (\$USD)	Note Ref.	Pro Forma Adjustments (\$USD)	Pro Forma Consolidated (\$USD)
	Year Ended December 31, 2018	Year Ended February 28, 2019			
REVENUE, INCLUDING \$223,919 FROM A RELATED PARTY	\$ 523,364	\$ -		\$ -	\$ 523,364
OPERATING EXPENSES:					
Impairment of goodwill	8,990,000	-		-	8,990,000
Share-based compensation expense	2,478,149	-		-	2,478,149
Amortization expense	210,768	-		-	210,768
Selling, general, and administrative expenses, including \$341,667 to related parties	<u>7,530,561</u>	<u>99,221</u>		-	<u>7,629,782</u>
Total Operating Expenses	<u>19,209,478</u>	<u>99,221</u>		-	<u>19,308,699</u>
LOSS FROM OPERATIONS	<u>(18,686,114)</u>	<u>(99,221)</u>		-	<u>(18,785,335)</u>
OTHER INCOME (EXPENSES):					
Listing expense	-	-	2b	(2,640,365)	
	-	-	2g	(1,000,000)	(3,640,365)
Interest income	854,469	-		-	854,469
Interest expense and finance charges	<u>(224,331)</u>	<u>-</u>		-	<u>(224,331)</u>
Total Other Income (Expense)	<u>630,138</u>	<u>-</u>		<u>(3,640,365)</u>	<u>(3,010,227)</u>
NET LOSS	(18,055,976)	(99,221)		(3,640,365)	(21,795,562)
TRANSLATION ADJUSTMENT	<u>-</u>	<u>(140)</u>		<u>-</u>	<u>(140)</u>
COMPREHENSIVE NET LOSS	<u>\$ (18,055,976)</u>	<u>\$ (99,081)</u>		<u>\$ (3,640,365)</u>	<u>\$ (21,795,422)</u>

Jushi, Inc. and Subsidiaries
Pro Forma Tanzania Minerals Corp. BS Conversion
As at February 28, 2019
(Unaudited)

	Tanzania Minerals Corp. (\$CD)	Exchange - Rate	Tanzania Minerals Corp. (\$USD)
	As at February 28, 2019	0.7336	As at February 28, 2019
Assets			
Current Assets:			
Cash	\$ 110,912		\$ 81,365
Investment in trading securities	-		-
Accounts receivable	942		691
Intercompany receivables	-		-
Prepaid expenses	6,700		4,915
Other current assets	-		-
Total Current Assets	<u>118,554</u>		<u>86,971.00</u>
PROPERTY AND EQUIPMENT, NET	-		-
Other Assets:			
Investments in subsidiaries	-		-
Financial asset	-		-
Other assets	-		-
Goodwill	-		-
Intangible assets, net	-		-
Total Other Assets	<u>-</u>		<u>-</u>
Total Assets	<u>\$ 118,554</u>		<u>\$ 86,971</u>
Liabilities and Shareholders' Equity (Deficiency)			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 91,787		\$ 67,336
Warrant liability	-		-
Contingent consideration, current portion	-		-
Intercompany payables	-		-
Total Current Liabilities	<u>91,787</u>		<u>67,336</u>
Long-Term Liabilities:			
Redemption liability	-		-
Contingent consideration, net of current portion	-		-
Total Liabilities	<u>91,787</u>		<u>67,336</u>
Equity:			
Controlling interest:			
Capital Stock	14,244,852		10,450,023
Reserves	2,514,841		1,844,887
Accumulated Deficit	(17,627,752)		(12,931,719)
Accumulated OCI	894,826		656,444
Total Controlling interest equity (deficiency)	<u>26,767</u>		<u>19,635</u>
Non-controlling interest			
Total Equity (Deficiency)	<u>26,767</u>		<u>19,635</u>
	<u>\$ 118,554</u>		<u>\$ 86,971</u>
Check	-		-

Jushi, Inc. and Subsidiaries
Pro Forma Tanzania Minerals Corp. IS Conversion
Year ended February 28, 2019
(Unaudited)

	Tanzania Minerals Corp. (\$CD)	Exchange - Rate	Tanzania Minerals Corp. (\$USD)
	Year Ended February 28, 2019	0.77101	Year Ended February 28, 2019
REVENUE	\$ -		\$ -
COST OF GOODS SOLD	<u>-</u>		<u>-</u>
GROSS PROFIT	-		-
OPERATING EXPENSES:			
Selling, General, and administrative	128,690		99,221
Amortization	<u>-</u>		<u>-</u>
	128,690		99,221
CONSOLIDATED LOSS FROM OPERATIONS	(128,690)		(99,221)
OTHER INCOME (EXPENSES):			
Capital gain	-		-
Interest income	-		-
Interest expense	<u>-</u>		<u>-</u>
	<u>-</u>		<u>-</u>
CONSOLIDATED LOSS BEFORE INCOME TAX PROVISION	<u>(128,690)</u>		<u>(99,221)</u>
Translation Adjustment	(181)		(140)
CONSOLIDATED NET LOSS	<u>\$ (128,509)</u>		<u>\$ (99,081)</u>

Tanzania Minerals Corp and Jushi Inc. and Subsidiaries
Notes to Pro Forma Consolidated Financial Statements
Prepared in USD
(Unaudited)

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements of Tanzania Minerals Corp. (“Tanzania”) has been prepared by management to reflect the acquisition of Jushi Inc. and Subsidiaries (“Jushi”) by Tanzania after giving effect to the proposed transactions (the “Transaction”) as described in Note 2.

The unaudited pro forma financial statements have been prepared from information derived from and should be read in conjunction with the following:

1. The audited financial statements of Tanzania as at and for the year ended February 28, 2019.
2. The audited financial statements of Jushi as at and for the year ended December 31, 2018.

The unaudited pro forma consolidated statement of financial position of Jushi as at December 31, 2018, and Tanzania as at February 28, 2019, has been presented assuming the Transaction had been completed on December 31, 2018. The Tanzania statement of financial position had been prepared in Canadian dollars.

For purposes of the unaudited pro forma consolidated statement of financial position the numbers have been translated into USD using an exchange rate of 1 USD for 1.363 CAD.

The unaudited pro forma consolidated statement of comprehensive loss of Jushi as at December 31, 2018, and Tanzania as at February 28, 2019, has been presented assuming the Transaction had been completed on December 31, 2018. The Tanzania statement of comprehensive loss had been prepared in Canadian dollars. For purposes of the unaudited pro forma consolidated statement of comprehensive loss the numbers have been translated into USD using an exchange rate of 1 USD for 1.297 CAD.

The Transaction has been accounted for in accordance with IFRS 2, Share Based Payments. The Transaction has been accounted for in the unaudited pro forma consolidated statement of financial position as a continuation of the financial statements of Jushi, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of Tanzania, in return for the net assets of Tanzania and a re-capitalization of the equity of Jushi. The fair value of the deemed share issuance was determined based on the fair value of the units issued by Jushi.

No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of Tanzania and Jushi, as management does not anticipate any material costs or cost savings as a result of this Transaction.

The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date indicated.

2. Pro Forma Assumptions and Adjustments

- a) Statement of financial position reclassification of Jushi equity account to capital stock.
- b) Capital stock, reserves, accumulated deficit, and accumulated other comprehensive income of Tanzania are eliminated.

Deemed issuance of Resulting Issuer Common Shares to former Tanzania shareholders	<u>\$ 2,660,000</u>
Cash	\$ 81,365
Accounts receivable	691
Prepays expenses and other currents assets	4,915
Accounts payable and accrued liabilities	(67,336)
Transaction costs expensed	<u>2,640,365</u>
Value attributed to deemed Resulting Issuer shares issued	<u>\$ 2,660,000</u>

- c) In February and March 2019, Jushi completed a non-brokered private placement consisting of 8,050,000 shares of Class B Common Stock and warrants to purchase an additional 4,025,000 shares of Class B Common Stock at \$3.00 per share for gross proceeds of \$16,100,000.
- d) In the first quarter of 2019 Jushi purchased the following commercial real estate:
- (i) On January 31, 2019, the Company purchased a commercial property on 28 Carpenter Street, Reading, Pennsylvania for \$195,000. The Company agreed to develop and lease the property to Agape Total Health Care, Inc.
 - (ii) On March 6, 2019, the Company purchased a commercial property located at 3516 State Street, Santa Barbara, California for \$3,100,000. The property includes a building with suitable retail space of approximately 3,900 square feet. The Company agreed to develop and lease a portion of the property to GSG SBCA, Inc.
 - (iii) On March 8, 2019, the Company purchased a commercial property on 101 N. Centre Street in Pottsville, Pennsylvania for \$340,000. The Company agreed to develop and lease the property to Agape Total Health Care, Inc.
- e) Prior to the Transaction, Jushi Acquisition Corp. intends to complete a private placement of 24,800,098 subscription receipts at a price of \$2.75 per subscription receipt. (the "Private Placement") for gross proceeds of approximately \$68,200,270. Concurrently with the closing of the Transaction each subscription receipt will automatically convert into one common share of Jushi Acquisition Corp. that will be exchanged into one Resulting Issuer Subordinate Voting Share.
- f) The agents in the Private Placement will receive as compensation an estimated 4.5% of the gross proceeds (\$3,069,012) of the financing.
- g) Costs associated with the Transaction are estimated to be \$1,300,000.
- h) In March 2019, the Company entered into a letter of intent to allow the company to negotiate definitive documents with a third party. Pursuant to the terms of the letter of intent, the Company made a payment of \$1,000,000.