



Annual Information Form

For the Year Ended July 31, 2017

Dated June 28, 2018

TABLE OF CONTENTS

GENERAL	3
CAUTION REGARDING BUSINESS	3
FORWARD-LOOKING INFORMATION AND STATEMENTS.....	4
GLOSSARY OF TERMS.....	6
CORPORATE STRUCTURE	11
GENERAL DEVELOPMENT OF THE BUSINESS	12
NARRATIVE DESCRIPTION OF THE BUSINESS	15
RISK FACTORS.....	31
DIVIDENDS AND DISTRIBUTIONS	43
DESCRIPTION OF CAPITAL STRUCTURE	43
MARKET FOR SECURITIES	44
ESCROWED SECURITIES	46
DIRECTORS AND OFFICERS	46
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	50
AUDIT COMMITTEE	51
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	51
TRANSFER AGENT AND REGISTRAR.....	51
MATERIAL CONTRACTS.....	51
INTEREST OF EXPERTS.....	51
ADDITIONAL INFORMATION	51

Friday Night Inc. (the "Company") is directly involved in the United States marijuana industry insofar as its business activities include the cultivation, production, manufacturing and distribution of cannabis and CBD-Infused Products (as defined herein) where use of cannabis is legal for medical and/or recreational purposes, as applicable.

While some states in the United States have authorized the use and sale of marijuana, it remains illegal under federal law and the approach to enforcement of U.S. federal laws against marijuana is subject to change. Because the Company engages in marijuana-related activities in the United States, it assumes certain risks due to conflicting state and federal laws. The federal law relating to marijuana could be enforced at any time and this would put the Company at risk of being prosecuted and having its assets seized.

On January 4, 2018, United States Attorney General Jeff Sessions issued a memorandum to United States district attorneys (the "Sessions Memorandum") which rescinded previous guidance from the United States Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, United States federal prosecutors no longer have guidance relating to the exercise of their discretion in determining whether to prosecute cannabis related violations of United States federal law. In response to the Sessions Memorandum, on April 13, 2018, the United States President Donald Trump promised Colorado Senator Cory Gardner that he will support efforts to protect states that have legalized marijuana. Nevertheless, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could cause significant financial damage to the Company. The Company may be irreparably harmed by a change in enforcement policies of the federal government depending on the nature of such change.

Given the current illegality of marijuana under United States federal law, the Company's ability to access both public and private capital may be hindered by the fact that certain financial institutions are regulated by the United States federal government and are thus prohibited from providing financing to companies engaged in marijuana related activities. The Company's ability to access public capital markets in the United States is directly hindered as a result. The Company may, however, be able to access public and private capital markets in Canada in order to support continuing operations.

For more information regarding the foregoing and the other risk factors applicable in respect of an investment in the Company, please see "*Description of the U.S. Legal Cannabis Industry*" and "*Risk Factors*".

GENERAL

Reference is made in this Annual Information Form (the "AIF") to:

1. the notice of annual meeting of shareholders and management information circular of the Company dated December 29, 2017 in connection with the annual meeting of shareholders of the Company held on February 1, 2018 (the "**Annual Circular**");
2. the notice of special meeting of shareholders and management information circular of the Company dated March 15, 2018 in connection with the special meeting of shareholders of the Company held on April 24, 2018 (the "**Special Circular**");
3. the audited consolidated financial statements together with the notes related thereto and auditor's report thereon (the "**Annual Financial Statements**") and associated management's discussion and analysis (the "**Annual MD&A**") for the financial year ended July 31, 2017;
4. the unaudited interim consolidated financial statements of the Company together with the notes related thereto (the "**Interim Financials**" and together with the Annual Financial Statements, the "**Financial Statements**") and associated management's discussion and analysis for the three and nine month period ended April 30, 2018 (the "**Interim MD&A**", and together with the Annual MD&A, the "**MD&A**"); and
5. the amended and restated filing statement of the Company dated June 12, 2017 with respect to the listing of the Company on the CSE (the "**Acquisition Filing Statement**").

The Annual Circular, the Special Circular, the Financial Statements and MD&A are incorporated by reference into this AIF and are available for review on SEDAR located at www.sedar.com.

Unless otherwise noted herein, information in this AIF applies to the business activities and operations of the Company for the year ended July 31, 2017, as updated to June 28, 2018. Unless otherwise indicated, references to "\$" are to Canadian dollars.

All references in this AIF to the Company or Friday Night also include references to all subsidiaries of the Company as applicable, unless the context requires otherwise.

CAUTION REGARDING BUSINESS

The Company operates in the Medical and Recreational Marijuana industries in the United States. The Company is also exploring opportunities in the Medical and Recreational Marijuana industry in other jurisdictions. A majority of U.S. States have legalized Medical Marijuana. A small number of U.S. States have further legalized the recreational use of marijuana. THC and marijuana remain a controlled Schedule 1 drug under U.S. Federal Law although the federal government's position has been not to enforce these laws in states that have regulations in place. The Company's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the marijuana industry as well as the developing market for non-regulated industrial hemp and CBD Infused Products market in the United States.

This Annual Information Form relates to the business of an entity that directly derives a substantial portion of its revenues by growing, packaging, and selling marijuana in the State of Nevada, which industry is not currently legal in Canada.

CBD-Infused Products (such as food and consumer items infused with certain non-psychoactive components of hemp, a member of the marijuana family) are currently not legal for sale in Canada (only the sale of dried marijuana plants and oils for medical use is legal in Canada). The Company's CBD-Infused Products segment is solely focused on the U.S. States where CBD-Infused Products are

permitted by state law and regulation when shown to be derived from industrial hemp, legal for nationwide distribution. Under the Controlled Substance Act (the "**CSA**"), the policies and regulations of the United States Federal Government and its agencies are that THC and cannabis has a high potential for abuse, no accepted medical benefit and a lack of safety for the use of the drug under medical supervision. A range of activities including cultivation and the personal use of cannabis is prohibited, unless and until the United States Congress amends the CSA with respect to THC and marijuana. The timing or scope of any such potential amendments are not assured and there is a risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be producing, cultivating or dispensing THC or marijuana in violation of federal law in the United States.

There are a number of risks associated with the business of the Company. See the sections entitled "*Description of the U.S. Legal Cannabis Industry*" and "*Risk Factors*" for a detailed list of further risk factors.

FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements in this AIF may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this AIF, such statements use such words as "will", "may", "could", "intends", "potential", "plans", "believes", "expects", "projects", "estimates", "anticipates", "continue", "potential", "predicts" or "should" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this AIF. Forward-looking statements include, among others, statements with respect to:

- the Company's expected future losses and accumulated deficit levels;
- the requirement for, and the Company's ability to obtain, future funding on favourable terms or at all;
- market competition and agricultural advances of competitive products;
- the Company's expectations regarding the timing for availability of the Company's products and acceptance of its products by the market;
- the Company's strategy to develop new products and to enhance the capabilities of existing products;
- the Company's dependence on expanding its production and customer base;
- the Company's plans to market, sell and distribute its products;
- the Company's plans in respect of strategic partnerships for research and development;
- the Company's plans to retain and recruit personnel; and
- the Company's strategy with respect to the protection of its intellectual property.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under

"Risk Factors". Although the forward-looking statements contained in this AIF are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this AIF. A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the extent of future losses;
- the ability to obtain the capital required to fund development and operations;
- the development and growth of the medical marijuana industry in general;
- the ability to capitalize on changes to the marketplace;
- the ability to comply with applicable governmental regulations and standards;
- the ability to develop and commercialize Medical Marijuana and Recreational Marijuana in the United States;
- the ability to attract and retain skilled and experienced personnel;
- the impact of changes in the business strategies and development priorities of strategic partners;
- the impact of legislative changes to the Medical Marijuana and Recreational Marijuana regulatory process;
- general public acceptance of the marijuana industry;
- the impact of changes in the number of marijuana users in the United States;
- the yield from agricultural operations producing the Company's products;
- the ability to obtain legal protection and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others;
- stock market volatility; and
- other risks detailed from time-to-time in the Company's ongoing quarterly and annual filings with applicable securities regulators, and those which are discussed under the heading "*Risk Factors*".

Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. The Company expressly disclaims any obligation or responsibility to update the forward-looking statements in this AIF except as otherwise required by applicable law.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this AIF, including the Appendices attached hereto.

"**1080034 Shareholders**" means the holders of common shares of 1080034;

"**1080034 Shares**" means all of the issued and outstanding common shares of 1080034;

"**1080034**" means 1080034 BC Ltd., a corporation incorporated under the BCBCA;

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**AMA**" means Alternative Medicine Association LLC, a Nevada limited liability company;

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time;

"**Acquisition Circular**" means the notice of special meeting of shareholders and management information circular of the Company dated September 30, 2015 in connection with the special meeting of shareholders of the Company held on October 30, 2015 in respect of the acquisition of QuikFlo Technologies Inc.;

"**Acquisition Filing Statement**" means the amended and restated filing statement of the Company dated June 12, 2017 in connection with the listing of the Company on the CSE

"**BC Acquisition**" means the acquisition of 1080034 pursuant to which the 1080034 Shareholders received the BC Consideration Shares;

"**BC Consideration Shares**" means 45,425,001 Common Shares issued to the 1080034 Shareholders pursuant to the PSA on closing of the BC Acquisition;

"**BC Letter of Intent**" means the letter of intent dated January 31, 2017 between the Company and 1080034 outlining the terms of the BC Acquisition;

"**BCBCA**" means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;

"**Board of Directors**" or "**Board**" means the board of directors of the Company as it may be comprised from time to time;

"**Business Acquisition Report**" means the business acquisition report of the Company dated January 19, 2016 in respect of the acquisition by the Company of QuikFlo Technologies Inc.;

"**Canaccord**" means Canaccord Genuity Corp.;

"**Cash Purchase Price**" means a cash payment to the Members in the amount of US\$3.4 million pursuant to the MIPSA on closing of the Nevada Acquisition;

"**CBD**" means cannabidiol, the principal non-psychoactive constituent of the cannabis plant;

"**CBD-Infused Products Segment**" means the Company's business segment focused on developing and acquiring products (including formulae and recipes), and brands for its CBD-Infused Products lines;

"CBD-Infused Products" means products infused with Hemp based CBD for medical, therapeutic or recreational adult use in jurisdictions where permitted by the applicable regulatory authorities that are intended for use or consumption other than by smoking, including but not limited to edible products, topical, dietary supplements, cosmetics, tinctures, sauces, vaporizer pen cartridges, drink additives, baking items and sweeteners;

"Cole Memorandum" means the memorandum dated August 29, 2013 addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States;

"Commissions" means the commissions paid to certain arm's length finders in connection with the Nevada Acquisition consisting of 1,500,000 Common Shares;

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

"Company" means Friday Night Inc., formerly Quikflo Health Inc., a corporation incorporated under the ABCA;

"Convertible Debentures" means the 10% senior unsecured convertible debentures issued pursuant to the Convertible Debenture Financing under the Debenture Indenture;

"Convertible Debenture Financing" means the private placement of \$6.5 million aggregate principal amount of Convertible Debenture Units that closed on August 16, 2017 (as to the brokered portion) and October 5, 2017 (as to the non-brokered portion).

"Convertible Debenture Indenture" means the debenture indenture providing for the issuance of the Convertible Debentures between the Company and Computershare Trust Company of Canada dated August 16, 2017;

"Convertible Debenture Units" means the Convertible Debenture Units issued pursuant to the Convertible Debenture Financing at a price of \$1,000 per unit with each Convertible Debenture Unit consisting of a \$1,000 principal amount 10% unsecured convertible debenture and 4,000 Convertible Debenture Warrants.

"Convertible Debenture Warrants" means common share purchase warrants issued pursuant to the Convertible Debenture Financing and the Warrant Indenture exercisable to acquire one Common Share at an exercise price of \$0.35 until August 16, 2019, subject to acceleration in certain circumstances.

"Convertible Debenture Warrant Indenture" means the warrant indenture providing for the issuance of the Convertible Debenture Warrants between the Company and Computershare Trust Company of Canada dated August 16, 2017

"CSE" means the Canadian Securities Exchange;

"DHHS" means the State of Nevada's Department of Health and Human Services, under the Executive Branch of the State of Nevada, which is charged with promoting the health and well-being of Nevada residents.

"DPBH" means the State of Nevada's Division of Public and Behavioral Health of the DHHS, whose mission is to protect, promote and improve the physical and behavioral health of the people of Nevada.

"Duran Property" means certain mineral claims comprising a prospective gold property known as the Corongo Property in Peru;

"Duran" means Duran Ventures Inc. an arm's length resource Company focused on the exploration and development of copper, precious metal and polymetallic deposits in Peru;

"Expiry Date" means the expiry date of the Unit Warrants, being 24 months from the Closing Date; provided that if the Common Shares trade on the CSE at a price of \$0.25 or more for a period of 10 consecutive trading days, the Company may accelerate the Expiry Date to a date no less than 30 days from a press release advising of the same;

"FinCEN" means the Financial Crimes Enforcement Network, a bureau of the United States Department of the Treasury, that collects and analyzes information about financial transactions in order to combat domestic and international money laundering, terrorist financing and other financial crimes;

"FN Management Services" means a wholly-owned subsidiary of the Company incorporated under Nevada law;

"FN Pharmaceuticals" means a wholly-owned subsidiary of the Company incorporated under Nevada law;

"GAAP" means Canadian generally accepted accounting principles;

"Harvest Foundation" means Harvest Foundation LLC, a Nevada limited liability company;

"Hemp" means the variety of industrial hemp from cannabis sativa plants that does not contain more than 0.3% THC.

"IMPSA" means the membership interest purchase and sale agreement pursuant to which the Company, through its wholly-owned subsidiary following the BC Acquisition, 1080034, acquired the Infused Membership Interest in exchange, in part, for Cash Purchase Price and the Nevada Consideration Shares;

"Infused" means Infused Mfg LLC, a Nevada limited liability company;

"Infused Members" means the holders of Infused Membership Interests;

"Infused Membership Interest" means a 91 percent interest in Infused;

"License" means a license obtained by operators, from applicable U.S. State authorities to cultivate, sell or manufacture marijuana or CBD-Infused Products.

"Licensed Operators" means a business or an individual which holds a valid License under applicable regulation in the respective U.S. State;

"Marijuana Concentrate" means a specific subset of marijuana that is produced by extracting cannabinoids from marijuana by a method including solvents such as butane or propane, or by other extraction methods including but not limited to use of water, ice, dry ice or propylene glycol, glycerin, butter, olive oil or other typical cooking fats;

"marijuana" or **"cannabis"** means all parts of the plant of the genus cannabis, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin. "Marijuana" and "cannabis" do not include industrial Hemp, nor does it include fiber produced from stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other product;

"Medical Marijuana" means marijuana that is grown and sold to approved, medical patients pursuant to applicable State specific laws and regulations for medical purposes (as opposed to recreational purposes);

"Medical Marijuana Establishment" or **"MME"** means a business or an individual in the State of Nevada which is licensed as a Cultivator or a Producer or a Laboratory or a Retail Dispensary which is authorized to perform that specific function within the marijuana industry in the State of Nevada.

"Medical Marijuana Segment" means the Company's business segment focused on serving the end users of Medical Marijuana in the United States;

"Members" means the holders of Membership Interests in AMA;

"Membership Interest" means a 91 percent membership interest in AMA;

"MIPSA" means the Membership Interest purchase and sale agreement pursuant to which the Company, through its wholly-owned subsidiary, acquired the Membership Interest in exchange for Cash Purchase Price and the Nevada Consideration Shares;

"Nevada Acquisition" means the acquisition of the Membership Interest and Infused Interest pursuant to the MIPSA and IMIPSA;

"Nevada Consideration Shares" means 60,000,000 Common Shares issued to the AMA Members and 2,000,000 Common Shares issued to the Infused Members pursuant to the MIPSA and IMIPSA on closing of the Nevada Acquisition;

"Nevada Letter of Intent" means the letters of intent dated January 24, 2017 between the 1080034 and Members of AMA and Infused, outlining the terms of the Nevada Acquisition;

"Operating Agreement" means the operating agreements between AMA and its members and Infused and its members pursuant to which the Purchaser and Members will set forth their respective rights and obligations in connection with the management, incentives, and future operations of AMA and Infused;

"Option Plan" means the Company incentive stock option plan;

"Private Placement" means the private placement of up to 100,000,000 Units at a price of \$0.075 per Units for aggregate gross proceeds of \$7.5 million;

"Options" means all outstanding options granted pursuant to the Option Plan;

"PSA" means the purchase and sale agreement between 1080034 Shareholders and the Company pursuant to which the Company completed the BC Acquisition;

"Recreational Marijuana" means marijuana that is grown and sold recreationally to adults over the age of 21, pursuant to applicable State specific laws and regulations;

"Recreational Marijuana Segment" means the Company's business segment focused on serving the end users of Recreational Marijuana in the United States;

"Residency Requirement" means a requirement imposed by the regulatory authorities of the respective U.S. State, requiring Licensed Operators (or their shareholders) to be residents of that U.S. State;

"Retail Dispensary" means a licensed MME that sells Retail Marijuana to adult, retail customers.

"Retail Marijuana" means marijuana that is cultivated, manufactured, distributed, or sold by a licensed Marijuana cultivation facility or a licensed Marijuana products manufacturing facility to a licensed Retail Dispensary for re-sale to adult, retail customers. "Retail Marijuana" does not include industrial hemp, nor does it include fiber produced from stalks, oil, or cake made from the seeds of the plant, sterilized seed of

the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other product;

"**Royalty Producers**" means Licensed Operators that have entered into royalty agreements with the Company in respect to the Company's brands, recipes and know-how;

"**Securities Act**" means the *Securities Act* (Alberta);

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval at www.sedar.com;

"**Shareholders**" means the holders of Common Shares;

"**Spire**" means Spire Secure Logistics Inc.;

"**Spire Acquisition**" means the acquisition of Spire by the issuance of 7,142,857 common shares at a deemed price of \$0.70 per share which closed on March 2, 2018.

"**subsidiary**" has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned by and subsidiary);

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**THC**" means Tetrahydrocannabinol, the principal psychoactive constituent of the cannabis plant;

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

"**U.S.**" means the United States of America;

"**U.S. State**" or "**State**" means one of the 50 constituent political entities of United States of America that shares its sovereignty with the United States federal government;

"**Unit Warrant**" means a Common Share purchase warrant comprising the Units, each whole Unit Warrant entitling the holder thereof to acquire one additional Common Share at \$0.30 per Common Share at any time prior to the Expiry Date;

CORPORATE STRUCTURE

Name, Address and Incorporation

Friday Night Inc. ("**Friday**" or the "**Company**") was incorporated in Alberta as "LeBoldus Capital Inc." under the ABCA on January 29, 2008 and completed its initial public offering on July 10, 2008 as a capital pool company. On October 14, 2010, the Company changed its name from "LeBoldus Capital Inc." to "Viper Gold Ltd". On February 17, 2015 the Company filed articles of amendment consolidating its shares on a 10-for-1 basis. On November 23, 2015, Viper Gold Ltd. completed the acquisition of QuikFlo Technologies Inc., a private Alberta company, and filed articles of amendment to change its name to "QuikFlo Health Inc.". The Company changed its name to "Friday Night Inc." on June 12, 2017 and consolidated its shares on a 2-for-1 basis.

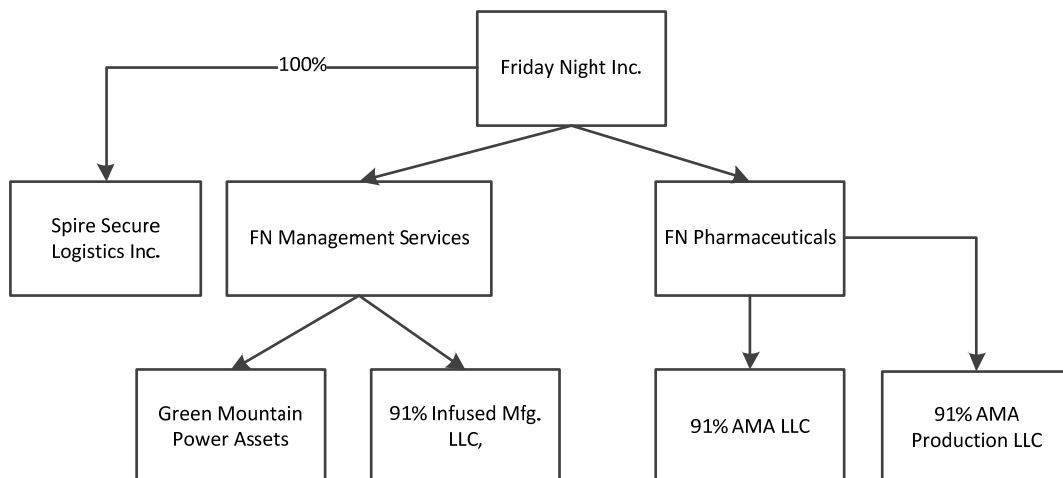
The Company is a reporting Issuer or the equivalent thereof in Alberta, British Columbia, Saskatchewan and Ontario. The Common Shares are listed and posted for trading on the CSE under the trading symbol "TGIF". In 2007, the Company's principal business activities changed from acquiring and developing oil and gas properties in central United States and Canada to acquiring and developing mining properties in Canada. In 2015 the Company's principal business changed to the development and commercialization of an automated triage diagnostic imaging tool to be developed for the triage of stroke patients. In June 2017, pursuant to the BC Acquisition and the Nevada Acquisition, the Company's principal business changed to the cultivation and production of Medical Marijuana, and production, packaging and marketing of CBD-Infused Products.

The head and principal office of the Company is located at 105, 45655 Tamihi Way, Chilliwack, British Columbia, V2R 2M3 and its registered office is located at Suite 3700, 400 – 3rd Avenue S.W., Calgary, Alberta T2P 4H2.

Intercorporate Relationships

The diagram below represents the corporate subsidiaries of the Company. Friday Night's material subsidiaries are incorporated as follows: (i) FN Management Services LLC, FN Pharmaceuticals LLC, Infused Mfg LLC, and the Alternative Medicine Association LLC and AMA Production LLC are incorporated in the United States under Chapter 78 of the Nevada Revised Statutes and Spire Secure Logistics is incorporated in British Columbia under the BCBCA.

Unless otherwise indicated in the diagram below, each of the subsidiaries are wholly owned by Friday Night Inc.



GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Corporate

On March 3, 2014, the Company entered into a conditional termination agreement with Duran terminating the joint operating agreement between the Company and Duran resulting in the disposition of the Company's 50% interest in the Duran Property for net proceeds to the Company of approximately US\$200,000. The disposition constituted a reviewable disposition as defined in Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets of the TSXV. At the annual and special meeting of shareholders held on April 25, 2014, the Company's shareholders approved the disposition of the Duran Property and on May 8, 2014, the Company completed the disposition of the last of its mineral resource assets.

To avoid being transferred to the NEX board of the TSXV (the "**NEX**"), the Company was required to file an application with the TSXV in respect of a transaction that would have enabled it to meet continued listing requirements by July 30, 2014. As the Company was unable to identify a transaction that would enable it to meet continued listing required under the policies of the TSXV, on the opening of trading on August 15, 2014, the Company's stock exchange listing was transferred to the NEX under the symbol VPR.H

On February 17, 2015, the Company completed a ten (10) for one (1) share consolidation, such that a holder of ten (10) then issued and outstanding Common Shares received one (1) new Common Share. The 18,272,000 Common Shares then issued and outstanding were consolidated into 1,827,200 new Common Shares.

On September 1, 2015, the Company entered into a share purchase agreement among the Company, QuikFlo Technologies Inc. and the shareholders of QuikFlo Technologies Inc. whereby the Company agreed to acquire all of the issued and outstanding shares of QuikFlo Technologies Inc., from its shareholders, in exchange for the issuance of Common Shares, on the basis of 30,000 Common Share for each one share in QuikFlo Technologies, issuing an aggregate of 15,000,000 Common Shares at a deemed price of \$0.20 per Common Share. Upon completion of the acquisition, QuikFlo Technologies Inc. became a wholly-owned subsidiary of the Company and the Company commenced trading on the TSXV.

On February 6, 2017 the Company entered into the BC Letter of Intent and the Nevada Letter of Intent and announced its intention to change its business from technology to a cannabis business. The Company had agreed to acquire 1080034 which had previously entered into option agreements to acquire AMA and Infused. In connection with the BC Acquisition and the Nevada Acquisition, Friday Night undertook a non-brokered private placement of units consisting of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant exercisable for a Common Share for \$0.30 (on a post-consolidation basis) for a period of two years from issuance. Ultimately, the private placement was conducted through a four-tranche closing, which was completed on June 15, 2017 and raised in aggregate of \$6,857,753 through the issuance of 45,718,356 Common Shares and 22,859,178 Common Share purchase warrants (all on a post-consolidation basis).

Effective June 15, 2017, the Company completed the acquisition of 10800034, pursuant to which the Company acquired a 100% interest in 10800034. Additionally, in connection with the completion of the BC Acquisition, the Company indirectly acquired 91% of AMA and a separate 91% of Infused through two wholly-owned Nevada subsidiaries, FN Pharmaceuticals, and FN Management Services. On June 16, 2017, in connection with the BC Acquisition and the Nevada Acquisition, the Company changed its name to "Friday Night Inc." and consolidated its shares on a two for one basis. Upon closing of the BC Acquisition and the Nevada Acquisition the Company commenced trading on the CSE under the symbol "TGIF". In connection with the closing of the BC Acquisition and the Nevada Acquisition, the Company

issued 45,425,001 Common Shares to the former shareholders of 1080034 at a deemed price of \$0.15, 32,750,000 Common Shares to the Members of AMA, 1,000,000 Common Shares to the Members of Infused, and a further 1,250,000 Common Shares to certain employees of AMA and Infused.

On July 1, 2017, Nevada became the fifth US state to introduce adult-use cannabis. In advance of the legalization, AMA and Infused had applied to the State of Nevada and received conditional approval to cultivate and process recreational marijuana effective July 1st, 2017, with AMA receiving its cultivation and production License for recreational sale on July 17, 2017.

On August 16 and October 5, 2017 Friday Night announced the closing of the Convertible Debenture Financing.

On November 3, 2017 the Company entered into an agreement with MariMed Advisors. The agreement was an exclusive licensing deal to produce MariMed THC products including their unique sublingual "Melts" product line, a THC and CBD "Mints" line, "Kalm Corn" products and the "Betty Eddies" and "Berry Bombs" line of products.

On November 10, 2017 the Company announced that it had entered into an agreement with Harvest Foundation, a Nevada cultivation licensee for medical and recreational cannabis, to operate and manage Harvest Foundation's 10,000 square foot grow facility, located adjacent to the AMA cultivation facility. Under the agreement, AMA manages the Harvest Foundation cultivation and purchases all of the trim and flower produced at a fixed cost per pound. The trim is used to produce oil, some of which is used to infuse the products manufactured for MariMed and the remaining is used for AMA products.

On November 14, 2017 the Company closed the acquisition of 1.39 acres of land in Clark County for USD \$432,000 that included approved plans to build a 67,000 square foot cultivation facility. In January 2, 2018, the Company entered into a further agreement to purchase a contiguous 2.78 acres of land providing for up to an additional 150,000 square feet to the cultivation area to be built, which closed on March 6, 2018. The Company originally planned to have its new building operational mid-2018, but regulatory delays and changes to the plans from a one story 35,000 square feet building to a 2 story 67,000 square feet building have delayed construction.

In the last quarter of 2017, the Company announced that it had applied OTC Markets to change its listing tier. After supplying the relevant documents to OTM Markets the Company graduated to OTCQB effective December 12, 2017. The Company's Common Shares subsequently became DTC eligible on February 7, 2018.

In December 2017 the Company began selling its product line to cannabis dispensaries and other retail outlets in the State of California (although it has no direct operations in California) and in June of 2018 entered into a licensing agreement with Denver Dab Company which will produce the Company's line of products in the State of Colorado. In addition, during December 2017 AMA signed a production contract to produce high-grade concentrates for a major dispensary chain in Nevada. The Nevada dispensary chain will supply trim as the raw material to AMA, who will then extract and process the materials into high grade concentrates. The finished products will be packaged and co-branded with AMA branding.

On January 5, 2018 the Company issued a total of 630,550 Common Shares to purchasers of Convertible Debenture Units. The Common Shares were issued in payment of accrued interest to all holders of record on December 31, 2017. The Company contemporaneously issued 550,000 compensation Common Shares to members of the management team, and 200,000 Common Shares pursuant to the terms of a consulting agreement, both at a deemed price of \$0.80 per share.

On February 5, 2018 Mr. Brian Keane resigned from the board of directors, and Mr. Cameron Watt was appointed to fill the vacancy. Following a special meeting of shareholders on April 24, 2018, an additional director, Mr. Brian Farrell was elected to the board of directors.

On March 2, 2018 Friday Night closed the acquisition of Spire. The Company acquired a 100% interest in Spire Secure Logistics Inc., a leading provider of customized security programs, compliance, information technology, build out design, and due diligence services for the legal cannabis, mining and investment sectors. In connection with the acquisition 7,692,308 Common Shares were issued at a deemed price of \$0.65 to the shareholders of Spire. The issued shares were subject to trading restrictions until July 2, 2018 and subject to a voluntary escrow that will see 12.5% of the total consideration Common Shares released every 3 months.

On June 6, 2018 the Company closed on the acquisition of a 12,160 square foot building located adjacent to the construction site that will house AMA's new cannabis cultivation facility. The production building was purchased for USD \$2.25 million and will include a separate Hemp processing facility operated by Infused. AMA is in the process of transferring its production functions to AMA Production LLC, a new company with membership that is identical to AMA.

At a Special Meeting of Shareholders held in Calgary on April 24, 2018, the Company received shareholder approval for the continuance of the Company from Alberta under the provisions on the ABCA and into British Columbia under the BCBA. The continuance will be completed at such time as determined by the Board.

Financings

On July 10, 2017 the Company announced that it had entered into an agreement with Canaccord, pursuant to which Canaccord agreed to act as exclusive agent, on a commercially reasonable efforts basis, in respect to the private placement of \$5,500,000 aggregate principal amount of Convertible Debenture Units at a price of \$1,000 per unit. Pursuant to the terms of the private placement, each Convertible Debenture Unit consisted of a \$1,000 principal amount 10% senior unsecured convertible debenture and 4,000 Convertible Debenture Warrants of the Company. The brokered financing closed on August 16, 2017.

On October 5, 2017 the Company closed the non-brokered portion of the Convertible Debenture Financing which included the placement of \$1,000,000 aggregate principal amount of Convertible Debenture Units.

Significant Transactions

The BC Acquisition

The BC Acquisition took place by way of an acquisition by the Company of all of the issued and outstanding shares of 1080034 pursuant to which the 1080034 Shareholders received Common Shares in exchange for their 1080034 Shares on June 16, 2017. The Company issued 45,425,001 Common Shares to the 1080034 Shareholders on a one for two basis. An aggregate of 20,400,000 warrants and 20,700,000 options of 1080034 were converted on a two for one basis. The 10,200,000 exchanged warrants expire 1 year from closing at \$0.10, subject to an acceleration event in the case shares trade for \$0.50 for 7 consecutive trading days. 20,700,000 options exercisable at \$0.075 for a period of 5 years were exchanged for 10,350,000 options of the Company exercisable at \$0.15 for 5 years.

The Nevada Acquisition

On June 16, 2017 the Company closed the Nevada Acquisition. The Nevada Letter of Intent contemplated the acquisition of the Membership Interest pursuant to the MIPSAs. 1080034 delivered a refundable deposit to the Members in the amount of USD\$100,000 in accordance with the terms of the Nevada Letter of Intent. The Members received 30,000,000 Common Shares and the Cash Consideration. After closing the Nevada Acquisition, the Company provided a loan in the amount of USD\$500,000 to AMA.

In addition, in relation to the closing of the Nevada Acquisition, the Company, through a wholly-owned Nevada subsidiary, entered into the Operating Agreement.

The Infused Letter of Intent contemplated the acquisition of the Infused Membership Interest pursuant to the IMIPSA. 1080034 delivered a non-refundable deposit of USD\$10,000 in accordance with the terms of the Infused Letter of Intent. The members received 1,000,000 Common Shares and the cash consideration of \$300,000 for the transfer of the Infused Membership Interest. Additionally, the Company provided a working capital loan to Infused in the amount of USD\$200,000.

The Spire Acquisition

On March 1, 2018 the Company closed the Spire Acquisition. An aggregate of 7,692,308 Common Shares were issued at a deemed price of \$0.65 to the shareholders of Spire. The Common Shares are subject to trading restrictions until July 2, 2018 and are further subject to a voluntary escrow that will see 12.5% of the total amount released every 3 months, starting with a release on closing.

NARRATIVE DESCRIPTION OF THE BUSINESS

Business Description

Pursuant to the BC Acquisition and the Nevada Acquisition, the Company acquired the business of AMA and Infused. AMA and Infused currently operate in the Medical Marijuana and Recreational Marijuana sector in the State of Nevada, while Infused has granted licenses for the manufacturing, production and sale of products within its Canna Hemp line to partners in the States of California and Colorado. AMA, a 91% owned indirect subsidiary of the Company is licensed in the State of Nevada as a (i) cultivation facility; and (ii) a production facility for edible, or marijuana-infused products. AMA is in the process of transferring its production facility to AMA Production LLC, a new company with identical membership as AMA. Infused, also a 91% owned indirect subsidiary of the Company, is focused on developing, acquiring and designing hemp and CBD-Infused Products and brands for retail sale and use in jurisdictions where permitted. The Company's recently acquired wholly-owned subsidiary, Spire, is a leading provider of customized security programs, compliance, information technology, buildout design, and due diligence services for the legal cannabis, mining and investment sectors.

The Company's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the marijuana industry in the United States. The Company's vision is to establish a leading foothold in several distinct parts of the value chain of the North American Medical Marijuana and Recreational Marijuana industries and replicate its model in other jurisdictions where permitted by law or regulation.

The Company has positioned itself to take advantage of growth in the marijuana industry in the U.S. with its multi-faceted strategy and entrepreneurial management team. The Company is aware that the legal marijuana industry is in its infancy and is rapidly evolving which presents risks in addition to opportunities. The Company has retained legal counsel in each jurisdiction in which it operates. There is, however, no certainty that the Company will not be adversely affected by changes in government regulation and other factors in the future. The Company aims to mitigate these risks by closely monitoring regulatory changes with the assistance of legal counsel and by maintaining the highest standards possible with respect to legal, accounting and security controls, as well as proactively taking a leadership role in working with regulatory bodies and other stakeholders to build the necessary institutional infrastructure typically available to other types of businesses.

AMA was the first licensed cultivation facility in the Clark County in the State of Nevada. It is a wholesale grower and producer that sells to licensed medical and recreational retail dispensaries or retail stores who hold state licenses for retail sales to medical patient cardholders or adults over 21. Its products are currently in more than 63 dispensaries state wide with the focus being in Las Vegas where, on average, more than one million tourists visit every week. Additionally, AMA manufactures and sells popular third

party brands that are well known outside the state but whose owners do not hold Nevada cannabis production licenses. Through its licensing agreements, AMA is able to represent a broad array of popular brands that act as a draw to visitors from those other states. This improves its presence and shelf space inside the limited number of licensed Retail Dispensaries.

The Company's expansion model may differ depending on the Residency Requirements of the applicable jurisdiction if it chooses to participate in markets in other states directly as a Licensed Operator. All U.S. States that have legalized marijuana for medical or recreational use require Licensed Operators to hold a License issued by the applicable state authorities. In some states, for a Licensed Operator to be eligible to be granted a License, the owners of the Licensed Operator must be residents of such U.S. State. As such, listed companies or other widely held enterprises may be ineligible to obtain a License in those states where a Licensed Operator must be a U.S. State resident.

In the U.S. States without Residency Requirements, the Company may choose to apply for a License or acquire entities with a License and produce products itself, or work with other Licensed Operators using the same model as it has developed for U.S. States with a Residency Requirement. The Licensed Operators include growers of Marijuana, marijuana product manufacturers and retail dispensaries. Ancillary service providers may include medical and educational centres and marijuana paraphernalia shops.

The Company will not operate in jurisdictions which have not legalized marijuana, and does not intend on operating in jurisdictions which have legalized marijuana but have not developed and imposed a licensing regime for Licensed Operators.

Use Cases of Marijuana

Marijuana can be vaporized, smoked or ingested to alleviate pain and other ailments. Since 2015, AMA has been cultivating and selling marijuana within the price range from \$2000 to \$4000 per pound, depending on the strain. Typically, growth time and strain yield will determine whether a strain is low or high priced. Very particular strains may be priced higher than the given range, but this would be the exception. The Company may also offer product for sale at wholesale prices to other Licensed Operators, which would lower both operating costs as well as margins on those sales.

The Company believes that carrying a popular variety of strains of Medical and Recreational Marijuana is essential to long-term success. Each strain of marijuana is unique. Some of the factors that impact whether a particular strain may be right for a patient or customer include:

- **The levels of THC and CBD:** THC and CBD are the two major medicinal components in marijuana, and must be clearly and accurately labelled. Generally speaking, THC provides psychoactive effects while CBD provides non-psychoactive medicinal effects.
- **Whether the plant is a Sativa, Indica or Hybrid breed:** Sativa and Indica are the two main types of cannabis plants, though there are also Sativa-Indica Hybrids. Generally speaking, Indica is perceived to provide a heavier, evening type of high. Sativa, on the other hand, is generally viewed as providing a daytime, energetic high.

The Company believes that it will gain a significant competitive advantage by growing high yielding strains which are good for extraction and which mature in a short growing cycle while still providing medicinal benefits or use cases that are appropriate for customer's specific ailments or desired effects. Further, finding the right product for a customer's condition or desired effects may require sampling a variety of strains, as every person is unique.

The Company's current cultivation, production, distribution and marketing business is currently focused on the three main segments: The Medical Segment, the Recreational Segment and the CBD-Infused

Products Segment. Currently the Company sells THC products only to licensed Retail Dispensaries and sells its Hemp based, CBD infused products through Retail Dispensaries and other retail outlets or online.

Medical and Recreational Segments

Operations, Cultivation, Production and Distribution

As of the date of this AIF, AMA's business involves the growing of marijuana indoors through hydroponic processes for personal medicinal and recreational use. AMA began commercial production in April 2015 when it was the first MME approved for cultivation in Southern Nevada. Its first crops were harvested, dried, packaged and sold in October 2015 and it has consistently produced marijuana on a commercial scale in Nevada since that time.

AMA has cost-effectively facilitated cultivation of monthly crops of approximately 100 pounds per month, including both marijuana flower and trim, in full compliance with all state and local regulatory authorities. AMA has designed and constructed 4 indoor purpose specific grow rooms, each of which are planted monthly, and harvested at 60 days. Construction is underway on a new 67,000 sq. ft. cultivation facility where the Company expects to cultivate approximately 900 lbs / month.

Each grow room is fully climate controlled, with all key growing elements monitored and computer controlled to ensure consistent production. There are production elements, which require brief manual monitoring and intervention on a daily basis, but all key environmental functions are electronically controlled. The details of the process are highly commercially sensitive and valuable. The facility has been built to be fully compliant with all relevant building and safety requirements. All electrical, plumbing, security, and related plant and equipment are built to full commercial standards.

Market

Nevada's potential marijuana market remains difficult to estimate. Although Nevada's population is only roughly three million persons as of 2017, Nevada ranked second for population growth between 2016 and 2017 at two percent. The vast majority of Nevada residents reside in Clark County, the county in which Las Vegas is located, and in Washoe County, where Reno is located. Nevada is also host to nearly 42 million visitors each year. While the local market is relatively modest, the tourism market for cannabis is growing. Between July and December 2017, Retail Dispensaries in Nevada sold approximately \$200 million of consumable product. Las Vegas is in the process of investigating the efficacy of creating safe cannabis consumption places for consumers in a social setting.

Market Plans and Strategies

The Company's business model is based on servicing the existing Medical Marijuana patient base in Nevada and the new Recreational Marijuana consumers, including those who visit Las Vegas each year, by establishing an aggressive presence and image for its unique branded flower and extraction products as well as several third party brands. As this branded image and reputation is established, the Company may license or acquire other marijuana businesses in other US States that have legalized Medical Marijuana and/or Recreational Marijuana to sell its specific brands that are focused on high quality marijuana specific products with recurring sales to a loyal and growing clientele.

The Company believes that constantly evolving regulatory environment for the production and distribution of Recreational Marijuana within the United States, and the dispensing of both Medical and Recreational Marijuana will be disruptive for both producers and consumers, transforming the current industry into one of commercial scale. Consumers that rely on Medical Marijuana as a form of medical treatment have been required to seek new sources of supply from a distinctly different type of supplier. The Company developed a social media campaign to capitalize on its efforts to engender an empathetic and professional image and specific brand which will be based in Las Vegas Nevada with eventually availability in all U.S. States which approve medical and/or recreational use of marijuana.

Like other Licensed Operators, the Company has developed a comprehensive media relations program to create visibility and awareness in the market for commercially grown marijuana. The Company believes that its success in this market has been achieved by offering on a broad range of quality products offered at competitive prices and delivered through outstanding client service under a well identified brand. Each strain of marijuana is unique, and the Company believes that carrying a consistent base of high-quality strains and cannabis products, including CBD-Infused Products and Hemp-based products, is essential to its long-term success. The Company currently has over 100 different cannabis products including flower, pre-rolls and many forms of extracts. Each of these is being formulated and branded for potential licensed sales in other US States which allow marijuana sales.

Additionally, the Company has worked to maximize media coverage and public relations activities. Reaching potential customers through a strong online informational and educational presence and word of mouth will also be important. Indirect outreach through collaboration with key stakeholders has been undertaken to reach potential clients.

The Company has also entered into a small number of wholesale arrangements with Licensed Operators who grow and produce marijuana products in Nevada.

CBD-Infused Products Segment

Operations, Design and Production

In its CBD-Infused Products Segment, the Company, through Infused MFG., is focused on developing, designing and producing CBD-Infused Products and brands for retail sale and use in jurisdictions where permitted. As CBD-Infused Products for medicinal and/or recreational use are currently not legal in Canada, the CBD-Infused Products Segment is focused solely on the U.S. States, where permitted by law and regulation. See "*The Business – Regulatory Regimes*".

The Company's management also has identified marijuana growers, Marijuana Concentrate extractors and suppliers in North America, which it can call on to fill the need for various expertise as such needs arise. Leafs, nodes and shake or collectively "trim" are not typically utilized for consuming cannabis through smoking, but are used in production of other products such as oil extracts. Both CBD, the principal non-psychoactive constituent of the cannabis plant, and THC are extracted in the form of Marijuana Concentrates from the plant. The Marijuana Concentrate can then be refined into individual components and used to manufacture a number of marijuana-Infused Products which in some products contain CBD only, including: Tinctures, transdermal patches, lotions, pain creams, and capsules. The Company is also working toward producing bulk CBD isolates or powders which may avoid the federal prohibitions against THC marijuana. The Company intends to manufacture and distribute these and other products under 3 distinct schemes: CannaHemp; CannaHemp FS (Full Spectrum which includes natural CBD); and CannaFused. The Hemp-only products may be sold nationwide through various retailers including Amazon and other fulfillment centers under the company brand name of "CannaHemp" and "CannaHemp FS". In addition, subject to the Company's quality control and unique formulations, it licenses its brand of CBD-Infused Products in California and Colorado, which are then produced locally by Licensed Operators. Additional products will be specifically infused with CBD for stronger health benefits without any psychoactive effects. These will be marketed direct to consumers in legal channels which will include online, health food stores, vape storefronts and Retail Dispensaries under the company brand name of "CannaHemp FS". The third line of company products will include products with both CBD and THC concentrates. These will be blended in pre-determined ratios, and will be distributed under the Company brand name of "CannaFused". These blended products are considered controlled substances and will only be distributed through legal Retail Dispensaries, which have specific contracts or licenses with the Company. The Company believes branding will be important and is focusing on developing brands that it believes will resonate with consumers. The Company will submit trademark applications in the United States, specific US States and Canada on key brand names it intends to utilize when appropriate to do so on an ongoing basis.

Market

The Company's CBD-Infused Products Segment is focused exclusively in the U.S. States without any restrictions. Depending on how the current laws are interpreted and applied, at some future date the Company may need to restrict CBD-Infused products to those US States that have legalized marijuana for medical or recreational uses or require manufacturers of marijuana products to hold a License issued by the applicable state authorities. The Company's business will be affected by both state and federal regulation governing the production and sale of marijuana in general, and CBD-Infused Products, in particular.

Market Plans

U.S. States with Residency Requirements

In U.S. States with Residency Requirements, the Company may work with companies or other entities that have a valid License issued by the applicable U.S. State authorities to provide an array of services as a part of its "franchise-like" model, or will work with eligible persons applying for such License. The Company has developed a business model where it may undertake a combination of the following functions with the expectation of realizing the following respective revenue streams from such activities.

Activities	Expected Revenue Streams
Acquire and develop recipes, know-how and other intellectual property for the preparation of CBD-Infused Products and Marijuana Concentrates, for use by Royalty Producers entering into royalty agreements with the Company.	Royalty or production license fees
Develop recognizable brands for CBD-Infused Products and Marijuana Concentrates for use by Royalty Producers entering into royalty agreements with the Company.	Royalty or production license fees
Provide consulting services with respect to extraction processes, techniques, training and know-how relating to Marijuana Concentrates.	Consulting fees, Royalty fees
Acquire real estate for lease to Licensed Operators.	Leasing fees, Rent
Provide financing and equipment leasing to Licensed Operators and prospective Licensed Operators.	Interest income, Loan fees (renewal, origination, etc.), Leasing Fees
Provide financial and strategic support to Licensed Operators in securing supply of Marijuana.	Miscellaneous consulting fees

While one of the Company's core strengths is the development of CBD-Infused Products and its developing expertise in Marijuana Concentrate extraction techniques, it will approach different jurisdictions with a tailored strategy in order to comply with the regulatory framework, while emphasizing its core competencies in the marijuana and CBD-Infused Products markets. As such, the Company may focus on different parts of the industry value chain, or focus on acquiring assets in the industries, not directly related to CBD-Infused Products or Marijuana Concentrate in order to ensure such compliance (e.g., acquisition of real estate, unsecured lending and consulting).

The Company has engaged legal counsel in Nevada to conduct appropriate corporate due diligence to ensure compliance of Licensed Operators with whom the Company conducts business. The Company will

verify that Licensed Operators with whom it does business have been issued the required licenses from their state and local licenses. Any royalty agreements entered into with a Licensed Operator will be subject to the Licensed Operator maintaining its licenses in good standing with the appropriate regulatory authority and comply with applicable laws.

States without Residency Requirements

The Company may also consider seeking licensing to manufacture and distribute CBD-Infused Products and Marijuana Concentrates in certain U.S. States without Residency Requirements or with Residency Requirements that the Company is able to comply with. Due to U.S. federal regulations, the Company will evaluate each U.S. State in which the Company chooses to operate as a separate market and with a distinct business plan. Given market fragmentation due to the various U.S. State regulatory regimes, the Company expects that its products would be manufactured in micro-factories for distribution only in the U.S. State where the micro-factory is situated.

Specialized Skills and Knowledge

The primary specialized skill unique to the Medical Marijuana and Recreational Marijuana industry is growing product. While a background in the growing of marijuana specifically may be helpful, the nature of growing marijuana does not differ substantially from the nature of growing any other greenhouse product. These skills are generally available. The Company will also require client care staff which will grow as the business of the Company grows. Customer care staff is a skillset that is also generally available in the market.

Differentiation in the strains of Medical Marijuana and Recreational Marijuana is primarily achieved through cross breeding to produce its own new strains of seeds, or through the acquisition of plants from certified medical marijuana patients in Nevada who are authorized to grow their own marijuana plants. Obtaining plants or seeds for growing marijuana must be done in accordance with the Division of Public Behavior and Health (DPBH) regulations. Plants and seeds must be obtained from a legal source, or acquired from a designated grower or personal use license holder under the prior medical marijuana program. Equipment used is specialized, but is readily available and not specific to the cultivation of marijuana. Subject to available funding, the Company does not anticipate any difficulty in obtaining equipment as needed.

The main skill set required in the development and manufacture of CBD-Infused Products is an understanding of cosmetic chemistry. People with this education and experience are available.

Friday Night (including AMA and Infused) currently has approximately **70** full-time employees, trimmers or packagers as of the date of this AIF.

Competition and the Environment

Being the first to market has given the Company a distinct advantage and head start in developing superior relations with Retail Dispensaries and the local patient and customer base. The Company is now creating and introducing its full line of products and is facing competition from major suppliers. Fortunately, the Company has been able to establish key relationships and contracts with some of the popular brands in neighboring states such as Colorado and California. As the exclusive manufacturer and distributor in Nevada of several key brands, the Company has gained a strategic advantage to showcase its high-quality extracts and other products. This area of vape pens, concentrates, extracts and other marijuana based products will become the key focus of the Company's sales moving forward. It is a rapidly growing market expected to increase upwards of 300% each year. This allows for competition in the marketplace without negatively impacting sales potential for market leaders like the Company.

However, as more U.S. jurisdictions pass state legislation allowing recreational use of cannabis, the Company expects an increased level of competition in the U.S. market. As of July 1st, 2017, the opening of the adult recreational cannabis in Nevada to non-medicinal participants, in which the Company operates, has spurred an increase of new entrants. A number of companies listed on the CSE have already begun expanding operations to states that have decriminalized cannabis consumption. These include, but are not limited to, iAnthus Holdings, Lifestyle Delivery Systems Inc., and Nutritional High Inc. The increasingly competitive U.S. markets may adversely affect the financial conditions and operations of the Company.

Although the flood of new entrants is increasing competition, due to unclear regulatory frameworks regarding alternative cannabis product categories, many companies have placed an overwhelming emphasis on the cultivation of raw flower. Consequently, a unique opportunity has emerged as consumers demand alternative methods of cannabis consumption. As the nascent cannabis industry has developed over the last decade, consumers have become more knowledgeable on the products they are purchasing, and as a result, demand greater variety and accessibility.

Nevada's strictly regulated market bans the use of many chemical fertilizers and harmful pesticides. Marijuana establishments are also required to implement scent remediation techniques in order to reduce or remove the smell of marijuana emanating from the facilities. Because the Company operates a cultivation facility, scent remediation is an element of its operations. The Company will be required to adhere to the terms of Nevada's state and local regulations. Nevada also favors the use of green energy and water reduction; therefore the Company may adopt strict policies and procedures to ensure that it is using natural resources as conservatively as possible. Water usage is especially critical given Nevada's particular environmental concerns. The importance of proper water usage and waste disposal cannot be overstated.

There are numerous small companies competing in the CBD-Infused Products segment. As most sales in this segment would be user-based, there is a relatively low capital threshold to enter this business. There is also no regulatory or licensing requirement. As of the date hereof no large pharma or cosmetics companies have entered this market segment, but as the market develops, it would be expected that one or more of those companies may.

Green Power Assets

The Company holds certain assets that are used to provide power to the grow operations of AMA. As the cost of electricity is one of the principal costs of operating a greenhouse, natural gas-fired turbines have been installed at the grow facility, which provides an estimated electrical cost savings of 50%.

Foreign Operations

The Company operates directly in the Medical and Recreational Marijuana industry in the United States where local state laws permit such activities. As a result, the Company's business plan is dependent on the performance and growth of such industries generally. In addition, the distribution, possession, and consumption of cannabis remains illegal under U.S. federal law. There is a growing movement in the United States supporting the legalization of cannabis for medical, as well as non-medical purposes. However, the U.S. federal government has not enacted legislation reflecting such movement and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. While the U.S. federal government has by its actions, indicated that its present intention is to not enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law, there can be no guarantee that it will not enforce such laws in the future. Further, there is no guarantee that U.S. state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Company's business would be materially and adversely affected.

Regulatory Regime

Changes in both state and federal law and the enforcement of those laws could have a material positive or negative impact on the Company's operations. The Company is also looking at other states for prospective business opportunities should changes in regulations occur that are favorable to the Company's business. For further discussion regarding the risk factors relating to the Company's business. See "*Description of the U.S. Legal Cannabis Industry*" and "*Risk Factors*".

License and Residency Requirements

All U.S. States that have legalized Medical or Recreational Marijuana impose a range of requirements on the entities wishing to become Licensed Operators including obtaining a License from state governmental authorities. The State of Colorado, for example, imposes a Residency Requirement for Licensed Operators and their individual owners. Other states (such as Nevada, Illinois and Arizona) do not impose a Residency Requirement. The Company's strategy in the states with Residency Requirements is focused on providing services to the industry rather than directly owning production or retail operations. The Company is currently pursuing other opportunities in Nevada but will evaluate potential opportunities in other U.S. States when opportune.

State of Nevada Regulatory Regime

The State of Nevada has some of the most stringent testing, monitoring and inventory controls in the world. All products are tested for contaminants, pesticides and mold to ensure the safe use by consumers. In addition, all products are labeled with warnings, are packed in tamper proof containers with detailed content information to protect consumers and assure proper dosing. Finally, the state requires detailed tracking of all plants and finished product using a complex radio frequency identification (RFID). The Company is committed to these security systems, controls and the state regulations.

The cannabis market in Nevada is robust and has grown dramatically since recreational use was approved beginning July 1, 2017. The Company has experienced excess demand and limited supply. Prices have risen and with the new cultivation tax of 15% of sale value, the state is generating millions of dollars a year in new tax revenues. This change has aligned the interests of the state legal cannabis industry with that of the local government leaders. The Company believes that this will lead to better relationships with the regulators and that through improved education, the general public will become more aware of the potential health benefits of properly controlled cannabis and cannabis products. AMA is a part of that growing group of companies operating within the conflicting dual systems of state versus federal cannabis regulations.

Generally speaking, five types of marijuana establishments are currently regulated and require appropriate licensure in Nevada: (i) cultivation facilities; (ii) producers of edible or marijuana-infused products; (iii) dispensaries and stores; (iv) distributors; and (v) independent testing laboratories. Additionally, all company owners, officers, board members, employees and volunteers must: (i) be at least 21 years of age; (ii) submit information, including fingerprints, to the DPBH; (iii) undergo a background check; (iv) not have a prior conviction for an excluded felony offense; (v) be compliant with all child support orders; (vi) be issued agent registration cards; and (vii) not have had a prior medical marijuana establishment registration card revoked for any reason.

Nevada has sets a maximum number of dispensary certificates that may be issued, on a per-county basis. The City of Las Vegas is located in Clark County, the largest county in Nevada. Clark County has currently issued the maximum dispensary Licenses. There may be a chance in the future for additional licenses.

The first cultivation License in Southern Nevada was issued to AMA in April of 2015. It sold its first marijuana in October 2015 and has been legally growing and selling ever since.

DESCRIPTION OF THE U.S. LEGAL CANNABIS INDUSTRY

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities ("CSA Notice 51-352")*, below is a discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved. In accordance with CSA Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated 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.

Use of Cannabis

Marijuana is a preparation of the leaves and flowering tops of cannabis sativa, the hemp plant, which contains a number of pharmacologically active principles (cannabinoids). It is used for its euphoric properties and is considerably more potent when smoked and inhaled than when simply eaten.

Medical cannabis refers to the use of cannabis and its constituent cannabinoids, such as THC and CBD as medical therapy to treat disease or alleviate symptoms. The cannabis plant has a history of medicinal use dating back thousands of years across many cultures.

Smoking cannabis is the most traditional form of ingestion and consists of smoking the dried flowers or leaves of the cannabis plant. Cannabis can be smoked through a pipe, rolled into a joint (or cigarette), or smoked using a water pipe (bong). Vaporizing involves using a vaporizer, which is a device that is able to extract the therapeutic ingredients in the cannabis plant material at a much lower temperature than required for burning. This allows user to inhale the active ingredients as a vapor instead of smoke. Many medical marijuana patients find that vaporizing offers an improved medical effectiveness, compared to smoking.

Topical cannabis encompasses Hemp medicines that are applied directly to the skin or muscles. They include lotions, salves, balms, sprays, oils, and creams. Some patients report they are effective for skin conditions like psoriasis, joint diseases like rheumatoid arthritis, migraines, restless leg syndrome, some spasms, and everyday muscle stress and soreness. Unlike smoking, vaporizing or eating cannabis, topical products which are typically low in THC and higher in CBD are generally non-psychoactive.

Nevada

Despite legal, regulatory and political obstacles, the U.S. cannabis industry continues to experience substantial growth. Nevada has one of the first states to legalize adult-use cannabis and is projected to remain a significant market in the U.S., largely due to the tourism industry. Estimated in-state adult-use sales totaled approximately USD \$200 million in the first six months following legalization on July 1, 2017.

Legal and Regulatory Matters

United States Federal Overview

In the U.S., 29 states, Washington D.C. and Puerto Rico have legalized medical marijuana, while nine states and Washington D.C. have also legalized adult-use marijuana. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the U.S. *Controlled Substance Act* of 1970 (the "**CSA**"). Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

While technically illegal, the U.S. federal government's approach to enforcement of such laws has, at least until recently, trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice ("**DOJ**") issued a memorandum known as the "Cole Memorandum" to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medical or adult-use cannabis programs. The Cole Memorandum, while not legally binding, assisted in managing the tension between state and federal laws concerning state-regulated marijuana businesses.

However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in federal law - as the Cole Memorandum was not itself law - the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum known as the "Sessions Memorandum." This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance, and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum's guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In Nevada, the U.S. Attorney has yet to make any comments regarding the revocation of the Cole Memorandum or indicate any changes to enforcement priorities.

While it is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum, a nationwide "crackdown" is unlikely. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale enforcement operation would more than likely create unwanted political backlash for the DOJ and the Trump administration. It is also possible that the rescission of the Cole Memorandum could motivate Congress to finally reconcile federal and state laws. Regardless, marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission has altered that fact. The federal government of the U.S. has always reserved the right to enforce federal law in regard to the sale and disbursement of Medical or Recreational Marijuana, even if state law sanctioned such sale and disbursement. From a purely legal perspective, the criminal risk today remains identical to the risk on January 3, 2018. It remains unclear whether the risk of enforcement has been altered.

Additionally, under U.S. federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of marijuana or any other Schedule I controlled substance. Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report

("SAR") in connection with all marijuana-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These marijuana-related SARs are divided into three categories – marijuana limited, marijuana priority, and marijuana terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively.

On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum (the "**2014 Cole Memo**") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. With the issuance of the Sessions Memorandum, the 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

In the U.S., a bill was tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance with that it will be passed in its current form or at all. In June of 2018, both a congressional committee and a senate committee rejected the provisions which would have provided the necessary protections for banks and other financial institutions. In both Canada and the U.S., transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions, although such changes appear to be unlikely as a result of the current political climate in the U.S.

Although the Cole Memorandum and 2014 Cole Memo have been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has used a rider provision in the FY 2015, 2016 and 2017 *Consolidated Appropriations Acts* (currently the "**Rohrabacher-Blumenauer Amendment**") to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated Medical Marijuana actors operating in compliance with state and local law. However, this measure does not protect Recreational Marijuana businesses. As part of the \$1.3 trillion federal spending bill enacted on March 23, 2018, the U.S. Congress renewed the Rohrabacher-Blumenauer Amendment through September 2018. The Amendment is an appropriations rider with bipartisan support that prohibits the Justice Department from using federal funds to prevent states from implementing Medical Marijuana laws. The Ninth Circuit in *United States v. McIntosh* held that the prohibition under the Rohrabacher-Blumenauer Amendment also prevents the Justice Department from spending federal funds to prosecute individuals who are engaged in conduct that is permitted by, and in compliance with, state Medical Marijuana laws. This is the eleventh time the Rohrabacher-Blumenauer Amendment has been approved or renewed since its first passage in 2014.

Despite the legal, regulatory, and political obstacles the cannabis industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

Given current political trends, however, these developments are considered unlikely in the near-term. As an industry best practice, despite the recent rescission of the Cole Memorandum, the Company intends to abide by the following to ensure compliance with the guidance provided by the Cole Memorandum:

- ensure that its operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
- ensure that its cannabis related activities adhere to the scope of the Licensing obtained (for example: in the states where cannabis is permitted for adult-use, the products are only sold to individuals who meet the requisite age requirements);
- Implement policies and procedures to ensure that cannabis products are not distributed to minors;
- Implement policies and procedures in place to ensure that revenue is distributed to criminal enterprises, gangs or cartels;
- Implement adequate inventory tracking system and necessary procedures in place to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or cross any state lines in general;
- ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes;
- ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

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

Nevada State Level Overview

Nevada has a medical marijuana program and passed an adult-use legalization through the ballot box in November 2016. In 2000, Nevada voters passed a medical marijuana initiative allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a limited non-commercial Medical Marijuana patient/caregiver system. Senate Bill 374, which passed the legislature and was signed by the Governor in 2013, expanded this program and established a for-profit regulated Medical Marijuana industry.

The Nevada Division of Public and Behavioral Health (the "**Division**") licensed Medical Marijuana establishments up until July 1, 2017 when the state's Medical Marijuana program merged with Recreational or adult-use marijuana enforcement under the Nevada Department of Taxation ("**Dot**"). In 2014, Nevada accepted medical marijuana business applications and a few months later the Division approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. The application process was merit-based, competitive, and is currently closed.

Residency is not required to own or invest in a Nevada medical cannabis business. In addition, vertical integration is neither required nor prohibited. Nevada's medical law includes patient reciprocity, which permits medical patients from other states to purchase marijuana from Nevada Retail Dispensaries. Nevada also allows for dispensaries to deliver Medical Marijuana to patients.

Under Nevada's adult-use marijuana law, the DoT licenses marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. After merging Medical and Recreational Marijuana regulation and enforcement, the single regulatory agency is now known as the "Marijuana Enforcement Division of the Department of Taxation." For the first 18 months after legalization, applications to the Department for adult-use establishment licenses can only be accepted from existing Medical Marijuana establishments and existing liquor distributors for the adult-use distribution license. The issuance of retail marijuana distribution licenses has been subject to an ongoing legal battle after the DoT opened distribution licenses to existing Medical Marijuana establishments based on the premise that there was an insufficient number of applications from existing liquor distributors to service the new adult-use cannabis market. There are currently 24 licensed distributors that are Medical Marijuana establishments and six licensed distributors that are liquor distributors.

In February 2017, the DoT announced plans to issue "early start" Recreational Marijuana establishment licenses in the summer of 2017. These licenses expire at the end of the year and, beginning on July 1, 2017, allowed marijuana establishments holding both a retail marijuana store and dispensary license to sell their existing Medical Marijuana inventory as either medical or adult-use marijuana. All cannabis cultivated and CBD-Infused Products produced under the adult-use program that were not existing inventory at a Medical Marijuana dispensary must be transported to retail marijuana stores utilizing a licensed retail marijuana distributor. Starting on July 1, 2017, medical and adult-use marijuana became subject to a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis is subject to an additional 10% special retail marijuana sales tax in addition to any general state and local sales and use taxes.

The DoT is responsible for licensing and regulating retail marijuana businesses and medical marijuana program in Nevada. There are five types of retail marijuana establishment licenses:

- *Cultivation Facility* – Licenses to cultivate (grow), process, and package marijuana; to have marijuana tested by a testing facility; and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other cultivation facilities, but not to consumers.
- *Distributor* - Licenses to transport marijuana from a marijuana establishment to another marijuana establishment.
- *Product Manufacturing Facility* - Licenses to purchase marijuana; manufacture, process, and package marijuana and marijuana products; and sell marijuana and marijuana products to other product manufacturing facilities and to retail marijuana stores, but not to consumers.
- *Testing Facility* - Licenses to test marijuana and marijuana products, including for potency and contaminants.
- *Retail Store* - Licenses to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities, and marijuana from other retail stores; can sell marijuana and marijuana products to consumers.

The regular retail marijuana program began in early 2018. The *Regulation and Taxation of Marijuana Act* specifies that, for the first 18 months of the program, only existing Medical Marijuana establishment certificate holders can apply for a retail marijuana establishment license. Beginning in November 2018, the DoT will open up the application process to those not holding a Medical Marijuana establishment certificate. The regular program will be governed by permanent regulations, drafted by the DoT.

U.S. Legal Advice

The Company is in compliance with U.S. state law and the related licensing framework. The Company uses reasonable commercial efforts to confirm, through the advice of its U.S. counsel, through the monitoring and review of its business practices, and through regular monitoring of changes to U.S. Federal enforcement priorities, that its businesses are in compliance with applicable licensing requirements and the regulatory frameworks enacted by Nevada. The Company is not aware of the receipt by of any of its U.S. based subsidiaries of noncompliance orders, citations or notices of violation, that may have an impact on such entities Licenses, business activities or operations.

Regulatory Risks

The U.S. cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect its ability to conduct its business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on Friday Night's financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The U.S. cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future growth uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of the Company and which cannot be reliably predicted.

The Company expects to derive all, or substantially all of its revenues from the U.S. cannabis industry, which industry is illegal under U.S. federal law (other than its business related to CBD-Infused Products). As a result of the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses in the U.S. are subject to inconsistent legislation and regulation. The Company is expected to remain focused in those U.S. states that have legalized the medical and/or adult-use of cannabis. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use use marijuana even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum in January 2018.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company. **The Company's involvement in the medical and adult-use cannabis industry is illegal under the applicable federal laws of the United States and may be illegal under other applicable law.** There

can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets.

Nature of the Company's Involvement in the U.S. Cannabis Industry

Through its 91 percent owned indirect subsidiaries AMA and Infused Mfg., the Company will have a material direct involvement in the cannabis industry in Nevada. Currently, the Company is directly engaged in the cultivation, manufacture, possession, use, sale and distribution of cannabis in the Medical and Recreational Marijuana marketplace in Nevada and approximately 60% of the Company's assets and revenues are directly attributable to such markets. Through its subsidiaries AMA and Infused Mfg., the Company holds both cultivation and production licenses for the State of Nevada.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. The approach to the enforcement of cannabis laws may be subject to change, or may not proceed as previously outlined.

The Company's involvement in the U.S. cannabis industry will be (i) only in those states that have enacted laws legalizing cannabis; and (ii) only in those state's where the Company can comply with state (and local) laws and regulations and has the licenses, permits or authorizations to properly carry on each element of its business.

In addition, the Company will continue to ensure, that AMA and Infused Mfg. are in compliance with applicable licensing requirements and the regulatory framework enacted in Nevada, either by way of a review of such entities licenses or affirmation certifications from management.

The Company will continue to monitor, evaluate and re-assess the regulatory framework in each state in which it does or may hold Licenses, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

Anti-Money Laundering Laws and Regulations

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

The Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company

to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Ability to Access Private and Public Capital

The Company has historically relied on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its business in the U.S. legal cannabis industry. Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, Canadian based issuers involved in the U.S. legal cannabis industry have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

Canadian Securities Regulatory Matters

The Company's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the 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. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. 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, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of the applicable stock exchange.

Heightened Scrutiny

For the reasons set forth above, the Company's activities in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company 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 Company's activities in the U.S. or any other jurisdiction, in addition to those described herein.

Change in Laws, Regulations and Guidelines

The Company's proposed business operations will directly and indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, but also including laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its operations.

Unfavourable Publicity or Consumer Perception

The legal cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for Medical and Recreational Marijuana use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, Medical Marijuana as opposed to legalization in general). The Company's ability to gain and increase market acceptance of its business activities may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company

RISK FACTORS

Holders of securities of the Company should carefully consider the following risk factors in addition to the other information contained in this AIF. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which could become material, may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly. Other risk factors are set forth in the Company's Financial Statements and MD&A, which are incorporated by reference into this AIF.

Non-compliance with federal, provincial or state laws and regulations, or the expansion of current, or the enactment of new laws or regulations, could adversely affect the Company's business.

The activities of the Company are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure or maintain all

appropriate regulatory approvals for its 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 would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's operates in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Company incurs ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect its ability to conduct business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

This AIF involves an entity that is expected to continue to derive a significant portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. While the Company's business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. Friday Night is involved in the cannabis industry in the United States where local and state laws permit such activities or provide limited defenses to criminal prosecutions. Currently, the Company is directly engaged in the manufacture and possession of cannabis in the medical and recreational cannabis marketplace in the United States. **The enforcement of relevant laws is a significant risk.**

Twenty-nine of the states in the United States have enacted comprehensive legislation to regulate the sale and use of medical cannabis. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the CSA. As such, cannabis-related practices or activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution of cannabis, are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations, financial performance and may threaten its very existence.

Because of the conflicting views between state legislatures and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation, regulation, and enforcement. Unless and until the United States Congress amends the CSA with respect to cannabis or the Drug Enforcement Agency reschedules or de-schedules cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which would adversely affect the

current and future prospects of the Company. As a result of the tension between state and federal law, there are a number of risks associated with the Company's existence in the United States.

For the reasons set forth above, the Company's existing activities in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada.

The activities Friday Night are, and will continue to be, subject to evolving regulation by governmental authorities. The Company is directly engaged in the medical and recreational cannabis industry in the United States, where local state law permits such activities. The legality of the production, extraction, distribution and use of cannabis differs among North American jurisdictions.

Currently, the states of Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont, Washington and the District of Columbia have legalized recreational use of cannabis. Over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis. However, the U.S. federal government has not enacted similar legislation. As such, the cultivation, manufacture, distribution, sale and use of cannabis remains illegal under U.S. federal law.

Further, on January 4, 2018, U.S. Attorney General Jeff Sessions formally rescinded the standing U.S. Department of Justice federal policy guidance governing enforcement of marijuana laws, as set forth in a series of memos and guidance from 2009-2014, principally the Cole Memorandum. The Cole Memorandum generally directed U.S. Attorneys not to enforce the federal marijuana laws against actors who are compliant with state laws, provided enumerated enforcement priorities were not implicated. The rescission of this memo and other Obama-era prosecutorial guidance did not create a change in federal law as the Cole Memorandums were never legally binding; however, the revocation removed the DOJ's guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or recreational marijuana, even if state law sanctioned such sale and disbursement. Although the rescission of the above memorandums does not necessarily indicate that marijuana industry prosecutions are now affirmatively a priority for the DOJ, there can be no assurance that the federal government will not enforce such laws in the future.

Additionally, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that could make it extremely difficult or impossible to transact business in the cannabis industry. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Company would be materially and adversely affected. Federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company, its business and its investments.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the CSA published a staff notice ("**Staff Notice 51-352**") setting out the CSA's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. The Company views this staff notice favourably, as it provides increased transparency and greater certainty regarding the views of its exchange and its regulator of existing operations and strategic business plan as well as the Company's ability to pursue further activities and opportunities in the United States.

There is still uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole.

Many factors could cause the Company's actual results, performances and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors, which are discussed in greater detail in this AIF and should be reviewed in detail by all readers:

- The Company has several businesses that operate in the U.S., where cannabis is federally illegal;
- The activities of the Company are subject to evolving regulation that is subject to changes by governmental authorities in Canada and the U.S.;
- Third parties with which the Company does business, including banks and other financial intermediaries, may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities;
- The Company's ability to repatriate returns generated from investments in the U.S. may be limited by anti-money laundering laws;
- Under Section 280E of the Internal Revenue Code, normal business expenses incurred in the business of selling marijuana and its derivatives are not deductible in calculating income tax liability. Therefore, the Company will be precluded from claiming certain deductions otherwise available to non-marijuana businesses. As a result, an otherwise profitable, business may in fact operate at a loss after taking into account its income tax expenses. There is no certainty that the Company will not be subject to 280E in the future, and accordingly, there is no certainty that the impact that 280E has on the Company's margins will ever be reduced;
- Federal prohibitions result in marijuana businesses being potentially restricted from accessing the U.S. federal banking system, and the Company and its subsidiaries may have difficulty depositing funds in federally insured and licensed banking institutions. This may lead to further related issues, such as the potential that a bank will freeze the Company's accounts and risks associated with uninsured deposit accounts. There is no certainty that Company will be able to maintain its existing accounts or obtain new accounts in the future; and
- Although the MOU confirms that there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future.

The Company's investments in the United States may be subject to heightened scrutiny by Canadian authorities.

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

Although the MOU has confirmed that there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would

have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. The Company has obtained eligibility with the DTC for its Common Share quotation on the OTCQB and such DTC eligibility provides another possible avenue to clear Common Shares in the event of a CDS ban.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Access to Cannabis for Medical Purposes Regulations, investors are cautioned that in the United States, cannabis is largely regulated at the state level. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA in the United States and as such, may be in violation of federal law in the United States.

As previously stated, the United States Congress has passed appropriations bills each of the last four years to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The 2018 Consolidated Appropriations Act was passed by Congress on March 23, 2018, and included the re-authorization of the protective amendments. It will continue in effect until September 30, 2018, the last day of FY 2018.

American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the Rohrabacher-Blumenauer Amendment in the 2019 budget resolution, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CSA violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations, and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

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

The approach to the enforcement of cannabis laws may be subject to change, or may not proceed as previously outlined.

The Company may become subject to additional government regulation and legal uncertainties that could restrict the demand for its services or increase its cost of doing business, thereby adversely affecting its financial results.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of Marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. To its knowledge, the Company is currently in compliance with such laws in all material respects. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

While the impact of the changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Company's operations that is materially different than the effect on similar-sized companies in the same business as the Company.

Local, state and federal laws and regulations governing marijuana for medicinal and recreational purposes are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

U.S. Federal Laws

The concepts of "medical marijuana" and "recreational marijuana" do not exist under U.S. federal law. The Federal Controlled Substances Act classifies "marihuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in United States, and a lack of safety for the use of the drug under medical supervision. As such, marijuana-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of marijuana are illegal under U.S. federal law. Strict compliance with state laws with respect to marijuana will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. While U.S. Department of Justice has instructed U.S. Attorneys that they need not expend resources with respect to entities selling marijuana pursuant to strict U.S. State licensing regimes, this directive can change, and U.S. Attorneys have discretion to interpret the Cole Memorandum as they see fit. Moreover, U.S. Attorneys have significant discretion with respect to the activities they seek to prosecute, regardless of any directive from the Department of Justice.

Changes resulting from the change in U.S. Administrations may result in legislative and regulatory changes that could have an adverse effect on the Company.

As a result of the 2016 U.S. presidential election and the related change in political agenda, there continues to be uncertainty as to the position the United States will take with respect to world affairs and events. This uncertainty may include issues such as enforcement of the U.S. federal laws. Implementation by the U.S. of new legislative or regulatory regimes could impose additional costs on the Company, decrease U.S. demand for the Company's services or otherwise negatively impact the Company, which may have a material adverse effect on the Company's business, financial condition and operations.

Regulation may hinder the Company's Ability to Establish and Maintain Bank Accounts

The U.S. federal prohibitions on the sale of marijuana may result in the Company and its partners being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to the Company's banking institutions not accepting payments and deposits. The Company is at risk that any bank accounts it has could be closed at any time. Such risks increase costs to the Company. Additionally, similar risks are associated with large amounts of cash at its business locations. These locations require heavy security with respect to holding and transport of cash.

The guidance provided in the FinCEN Memo may change depending on the position of the U.S. government administration at any given time and is subject to revision or retraction in the future, which may restrict the Company's access to banking services.

In the event financial service providers do not accept accounts or transactions related to the marijuana industry, it is possible that the Company may seek alternative payment solutions, including but not limited to crypto currencies such as Bitcoin. There are risks inherent in crypto currencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in crypto currency the Company would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

Product Liability, Operational Risk

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

Should the Federal government legalize marijuana for medical or recreational use nation-wide, it is possible that the U.S. Food and Drug Administration ("**FDA**") would seek to regulate the products under the *Food, Drug and Cosmetics Act of 1938*. FDA may issue rules and regulations including certified good manufacturing practices related to the growth, cultivation, harvesting and processing of Medical and Recreational Marijuana and CBD-Infused Products. Clinical trials may be needed to verify efficacy and safety of the Medical and Recreational Marijuana. It is also possible that the FDA would require that facilities where Medical and Recreational Marijuana is cultivated be registered with the applicable government agencies and comply with certain federal regulations. In the event any of these regulations are imposed, The Company cannot foresee the impact on its operations and economics. If the Company is unable to comply with the regulations and or registration as prescribed by the FDA or another federal agency, the Company may be unable to continue to operate in its current form or at all.

Product Recalls

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

The Company's operations can also be substantially affected by adverse publicity resulting from quality, illness, injury, health concerns, public opinion, or operating issues. The Company will attempt to manage these factors, but the occurrence of any one or more of these factors could materially and adversely affect the Company's business, financial condition and results of operations.

Risks Inherent in an Agricultural Business

The Company's business will involve the growing of marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that its products will be grown indoors under climate controlled conditions, carefully monitored by trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs

Marijuana growing operations consume considerable energy, making such operations vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of Friday Night and its ability to operate profitably.

Transportation Disruptions

Due to the perishable and premium nature of agricultural products, the Company will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Unfavorable Publicity or Consumer Perception

The Company believes the marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of marijuana products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or

any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for medical marijuana products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Company's products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Uninsurable Risks

The Medical and Recreational Marijuana business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of the Company.

Enforcement Risk

The Company operates in the Medical and the Recreational Marijuana industries in the United States and is exploring opportunities in the Medical Marijuana industry in Canada. Certain U.S. States have legalized Medical Marijuana and certain U.S. States have further legalized the recreational use of marijuana. While the marijuana industry is legal in certain U.S. States, it is regulated differently. Consequently, certain activities conducted by the Company may be permissible under one regulatory regime while not under another.

In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian or provincial law for an entity to hold interests in affiliates that are engaged in regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk; however, that the courts may take contrary view in the future.

Additionally, because marijuana is illegal under U.S. federal law, the courts in the U.S. may take the position that parties to contracts involving marijuana, whether directly or indirectly, may not enforce such contracts because they concern an illegal product or activity.

The Company may not be able to accurately predict its future capital needs and it may not be able to secure additional financing.

The Company may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all. Furthermore, any debt financing, if available, may involve

restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Public markets for Cannabis entities can be extremely volatile

The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative or regulatory changes, and other events and factors outside of the Company'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 Common Shares.

There can be no assurance that the Company's shareholders will be able to resell their securities at prices equal to or greater than their cost.

The market price of the Common Shares could be subject to significant fluctuations in response to various factors, many of which are beyond the Company's control. In addition, the stock markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that often have been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Common Shares. There can be no assurance that the holders of the Company's Common Shares will be able to resell their shares at prices equal to or greater than their cost.

Illegal drug dealers could pose threats to the Company, its operations and employees.

Currently, there are many drug dealers and cartels that cultivate, buy, sell and trade marijuana in the United States, Canada and worldwide. Many of these dealers and cartels are violent and dangerous, well financed and well organized. It is possible that these dealers and cartels could feel threatened by legalized marijuana businesses such as those with whom the Company does business and could take action against or threaten the Company, its principals, employees and/or agents and this could negatively impact the Company and its business.

The Company will rely on Management to execute its strategy

The success of the Company is currently dependent on the performance of its Chief Executive Officer and board of directors. The loss of the services of these persons would have a material adverse effect on the Company's business and prospects in the short term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Factors which may prevent realization of growth targets

The Company is currently in the early growth stage. There is a risk that the additional resources will be needed and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company

- maintaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labor costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labor disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

The Company may face intense competition and expects competition to increase in the future, which could prohibit its development of customer base and generating revenue.

The marijuana industry is highly competitive. The Company will compete with numerous other businesses in the Medical and Recreational Marijuana industry, many of which possess greater financial and marketing resources and other resources than the Company. The marijuana business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labor, and governmental regulations. Any change in these factors could materially and adversely affect the Company's operations.

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

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Difficult to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the marijuana industry in the U.S. A failure in the demand for its products to materialize as a result of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Holding Company

As a holding company with no material assets other than the stock of the Company's operating subsidiaries and intellectual property, nearly all of the Company's funds generated from operations will be generated by the Company's operating subsidiaries. The Company's subsidiaries are subject to requirements of various regulatory bodies, both domestically and internationally, specifically in the United States. Accordingly, if the Company's operating subsidiaries are unable, due to regulatory restrictions or otherwise, to pay the Company's dividends and make other payments to the Company when needed, the Company may be unable to satisfy the Company's obligations when they arise.

Management of Growth

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

Dividends

The Company has no dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Currency Exchange Rates

Exchange rate fluctuations may adversely affect the Company's financial position and results. It is anticipated that a significant portion of the Company's business will be conducted in the United States using U.S. dollars. The Company's financial results are reported in Canadian Dollars and costs are incurred primarily in U.S. dollars in its marijuana and CBD-Infused Products Segment. The depreciation of the Canadian Dollar against the U.S. Dollar could increase the actual capital and operating costs of the Company's U.S. operations and materially adversely affect the results presented in the Company's financial statements. Currency exchange fluctuations may also materially adversely affect the Company's future cash flow from operations, its results of operations, financial condition and prospects.

Enforcement of Legal Rights

In the event of a dispute arising from the Company's U.S. operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Future Sales of Common Shares by existing shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

Volatile global financial and economic conditions may negatively affect the Company's operations.

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain debt and equity financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

DIVIDENDS AND DISTRIBUTIONS

No dividends have been declared or paid by the Company in any of the periods presented above. The Company does not anticipate declaring or paying any dividends on its Common Shares in the foreseeable future, but no restrictions exist on doing so.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized capital of the Company includes an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares issuable in series. As at the date hereof, 226,538,894 Common Shares are issued and outstanding as fully paid and non-assessable. In addition, 13,809,998 Common Shares are reserved for issuance under stock options granted to directors and officers and 24,792,077 share purchase warrants are outstanding.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to receive notice of and one vote per Common Share at meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares subject to the rights of holders of shares of any class ranking in priority to the Common Shares.

The Company also has \$2,820,000 aggregate principal amount of 10% senior unsecured Convertible Debentures outstanding. The Convertible Debentures bear interest from the date of issuance at 10.0% per annum (subject to withholdings for nonresidents), semi-annually on June 30 and December 31 of each year and will expire on August 16, 2019 (the "**Maturity Date**"). The Debentures are convertible into Common Shares ("**Debenture Shares**") at the option of the holder at any time prior to the close of business on the earlier of: (i) the last business day immediately preceding the Maturity Date; and (ii) the

date fixed for redemption, at a conversion price of \$0.25 per Common Share (the "**Conversion Price**"), subject to adjustment in certain events. Additionally, beginning on February 5, 2018, the Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on 30 days prior written notice should the daily volume weighted average trading price of the Common Shares be greater than \$0.45 for any 10 consecutive trading days. The Convertible Debentures will be subject to redemption, in whole or in part, by the Company at any time after October 4, 2018 upon giving holders not less than 30 and not more than 60 days' prior written notice, at a price equal to the then outstanding principal amount of the Convertible Debentures plus all accrued and unpaid interest up to and including the redemption date.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares were listed and posted for trading on the TSXV under the trading symbol "QF" until June 12, 2017. On June 16, 2017 they began start trading on the CSE under the Symbol "TGIF". The following tables set forth the price range per share and trading volume for the Company on the TSXV and CSE for the most recently completed financial year ended July 31, 2017, as well as the periods up to the date of this AIF.

TSXV Trading Price and Volume

Date	Price Range Per Common Share (\$)		Volume
	High	Low	
August 2016	0.26	0.01	375,421
September 2016	0.56	0.03	1,260,650
October 2016	0.40	0.02	79,200
November 2016	0.06	0.00	31,130
December 2016	0.44	0.02	282,300
January 2017	0.24	0.01	111,945
February 2017	-	-	-
March 2017	-	-	-
April 2017	-	-	-
May 2017	-	-	-
June 2017 ⁽¹⁾	-	-	-

Notes:

(1) For the period beginning June 1, 2017 and ending June 11, 2017.

CSE Trading Price and Volume

Date	Price Range Per Common Share (\$)		Volume
	High	Low	
June 2017 ⁽¹⁾	2.97	0.34	13,467,590
July 2017	4.31	0.25	48,820,240
August 2017	5.15	0.25	32,402,220
September 2017	3.78	0.20	21,803,680
October 2017	4.13	0.21	24,210,990
November 2017	6.79	0.36	82,469,310
December 2017	13.77	0.84	148,370,000
January 2018	1.17	1.01	125,920,000
February 2018	0.72	0.89	34,009,700
March 2018	14.09	0.72	37,085,750
April 2018	11.36	0.60	45,925,210
May 2018	11.02	0.52	15,715,310

Notes:

(1) For the period beginning June 12, 2017 and ending June 30, 2017.

Prior Sales

The following table summarizes the issuances of Common Shares or securities convertible into Common Shares for the 12 month period prior to the date of the AIF.

Date Issued	Securities	Number of Common Shares Issued/Issuable	Price/Deemed Price/Exercise Price of Security
June 16, 2017	Units ⁽¹⁾	4,411,203	\$0.15
June 16, 2017	Common Shares ⁽²⁾	50,175,001	\$0.15
August 16, 2017	Convertible Debenture Units ⁽³⁾	5,500	\$1,000.00
October 5, 2017	Convertible Debenture Units ⁽³⁾	1,000	\$1,000.00
January 5, 2018	Common Shares ⁽⁴⁾	630,550	-
January 5, 2018	Compensation Shares	750,000	\$0.80
various	Common Shares ⁽⁵⁾	5,580,000	\$0.25
various	Common Shares ⁽⁶⁾	46,500,331	\$0.30 to \$0.35
various	Common Shares ⁽⁷⁾	3,701,002	\$0.15 to \$0.50
March 2, 2018	Common Shares ⁽⁸⁾	7,692,308	\$0.65

Notes:

(1) Each unit consists of one common share and one half of a share purchase warrant entitling the holder to purchase one additional common share for \$0.30 for a period of 2 years from closing.

(2) Issued pursuant to the BC Acquisition and Nevada Acquisition.

(3) Each convertible debenture unit consists of a \$1,000 principal amount 10% unsecured convertible debenture and 4,000 common share purchase warrants.

(4) Issued to debenture holders in payment of accrued interest.

(5) Issued on conversion of Convertible Debentures.

(6) Issued on conversion of Convertible Debenture Warrants and other warrants.

(7) Issued on exercise of stock options.

- (8) Issued to shareholders of Spire in connection with the Spire Acquisition.

ESCROWED SECURITIES

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class	Release terms
Common Shares	5,022,100	0.02%	November 26, 2018
Common Shares	14,610,480	0.06%	25% every 6 months starting December 16, 2018
Common Shares	5,769,231	0.03%	961,538 every 3 months starting August 1, 2018

DIRECTORS AND OFFICERS

The following table sets forth the name of all directors and officers of the Company, their municipalities of residence, their current positions with the Company, their principal occupations during the past five years and the number and percentage of Friday Night Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this AIF. The term of office for each of the Directors expires at the Company's next annual general meeting.

Name and Municipality of Residence	Position with the Company⁽¹⁾	Director Since	Number of Common Shares	Principal Occupation for the Past 5 Years
Brayden R. Sutton ⁽¹⁾⁽⁴⁾ <i>Chilliwack, British Columbia, Canada</i>	President, Chief Executive Officer, and Director	June 11, 2017	4,670,279 (2.0%)	CEO of the Company since May 15, 2017. Prior thereto business consultant
D. Richard Skeith ⁽²⁾⁽⁴⁾ <i>Calgary, Alberta, Canada</i>	Director	November 23, 2015	7,254,500 (3.2%)	Partner at Norton Rose Fulbright Canada LLC (formerly Macleod Dixon LLP) since 1995
Cameron Watt ⁽³⁾⁽⁴⁾ <i>Vancouver, British Columbia, Canada</i>	Vice-President Business Development, and Director	February 5, 2018	Nil	Officer with Friday Night
Andrew Richards, <i>Port Moody, British Columbia, Canada</i>	Director	March 8, 2018	2,423,319 (1.1%)	CEO of Spire Secure Logistics, a wholly owned subsidiary of Friday Night
Brian Farrell <i>Edmonton, Alberta</i>	Director	March 15, 2018	725,000 (0.3%)	CPA CA, Brian Farrell Professional Corporation
Michael Hopkinson ⁽⁵⁾ <i>Vancouver, British Columbia</i>	Chief Financial Officer	N/A	Nil	Mr. Hopkinson has been a Manager at Ernst & Young, chartered accountants, since 2013 and prior to that was a Manager at Davidson & Co, LLP, chartered accountants, since 2009.
Joe Bleackley ⁽⁶⁾ <i>Chilliwack, British Columbia</i>	Executive Vice President	N/A	339,084 (0.1%)	Officer with Friday Night Inc. Consultant to Friday Night Inc. since June 2017.
Marion McGrath <i>Vancouver, British Columbia</i>	Corporate Secretary	N/A	Nil	Independent contractor providing corporate services
Total			15,412,182 (6.8%)	

Notes:

- (1) Mr. Sutton also owns or controls, directly or indirectly, 1,000,000 Options exercisable at \$0.15 per Common Share until June 13, 2022, debentures convertible into Common Shares at a price of \$0.25 in the aggregate principal amount of \$25,000, and 161,934 warrants exercisable at a price of \$0.30 until August 16, 2019.
- (2) Mr. Skeith also owns or controls directly or indirectly, 50,000 options exercisable at \$0.50 per Common Share until November 14, 2020 and 362,500 options exercisable at \$0.15 per Common Share until June 13, 2022.
- (3) Mr. Watt owns or controls, directly or indirectly, 750,000 options exercisable at \$0.65 per Common Share until February 15, 2023.
- (4) Member of the Audit Committee.
- (5) Mr. Hopkinson was appointed as Chief Financial Officer on November 23, 2015.
- (6) Mr. Bleackley also owns or controls, directly or indirectly, \$130,000 in debentures convertible into 520,000 Common Shares at a price of \$0.25, 300,000 warrants exercisable at a price of \$0.25 per Common Shares valid until October 4, 2019 and 270,000 warrants exercisable at a price of \$0.35 per Common Shares valid August 16, 2019.

The following are brief profiles of the management of the Company, including a description of each individual's principal occupation within the past five years.

Brayden R. Sutton – Chief Executive Officer and Director

Mr. Sutton brings a successful track record of managing a diverse portfolio of investments through Sutton Ventures Ltd., his wholly owned merchant bank. His sectors of specialization over the past 14 years include technology, media and personal health. Mr. Sutton served as the Executive Vice President for The Supreme Cannabis Company, Inc. (FIRE) and his expertise within the legal cannabis sector has resulted in additional executive positions, with both public and private companies, at the leading edge of the emerging cannabis industry, including Invictus MD (GENE), Aurora Cannabis (ACB) and CannaRoyalty (CRZ).

D. Richard Skeith – Director

Mr. Skeith is a partner with the law firm of Norton Rose Fulbright Canada LLP (formerly Macleod Dixon LLP) in Calgary, Alberta since 1995. Mr. Skeith holds a Bachelor of Arts and a Bachelor of Laws from the University of Alberta. Mr. Skeith is a member of the Law Society of Alberta.

Cameron Watt – Director

Mr. Watt combines over 30 years of successful business negotiation and strategic leadership experience in various industries, with a talent for developing, launching and managing businesses. A business graduate of the British Columbia Institute of Technology, Mr. Watt serves as Vice President of Business Development.

Andrew Richards – Director

Mr. Richards spent 34 years in law enforcement and retired as a Deputy Police Chief in the Greater Vancouver area in 2015. For over half his career, Mr. Richards specialized in complex organized crime investigations and led many successful major projects, most with an international component. He has a master's degree in criminal justice, remains an associate member of the Canadian Association of Chiefs of Police, and has helped build Spire Secure Logistics into an industry leader in the high-risk international mining and legal cannabis sectors.

Brian Farrell – Director

Mr. Farrell is a Chartered Accountant based in Edmonton, Alberta was a partner with a public accountancy firm for 35 years and has built a practice focusing on taxation, accounting, and providing financial advice to high net worth individuals. Mr. Farrell has also acted as the Chief Financial Officer to both a large privately held development company as well as three TSXV listed corporations. He has previously served as a director of Prize Mining Corporation, Mexican Silver Mines Ltd., Mindoro Resources Ltd., and Sonoro Energy Ltd., as well as serving on the board of several charitable organizations. Mr. Farrell is currently the Chair of the Jerry Forbes Centre for Community Spirit (a non-profit organization focused on providing affordable workspaces for Edmonton's non-profit organizations).

Michael Hopkinson – Chief Financial Officer

Mr. Hopkinson is a US Certified Public Accountant (CPA) licensed in the state of New Hampshire. He has extensive corporate and cross border tax compliance and planning experience. He specializes in corporate compliance and planning, and has over 18 years of experience. He has developed his skills under such notable public accounting firms as Arthur Andersen LLP, PricewaterhouseCoopers LLP and Ernst & Young LLP. He has served several public companies as clients and has previous CFO experience with Guerrero Exploration Inc.

Joe Bleackley – Executive Vice President

Mr. Bleackley is an entrepreneur and capital markets professional with over 10 years of investing, business development and consultancy experience. As an investor in the cannabis sector since 2013, and after holding other positions with Friday, he currently serves as Executive Vice President.

Marion McGrath – Corporate Secretary

Marion McGrath has been actively engaged in the securities industry for over 30 years specializing in corporate governance and compliance of publicly traded issuers listed on the TSX Venture Exchange and the Canadian Securities Exchange. Ms. McGrath is the owner of iO Corporate Services Ltd., which company provides corporate and accounting services to various publicly-traded Canadian companies. Prior to organizing iO Corporate, Ms. McGrath was a senior paralegal with a Vancouver-based securities law firm.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no director or executive officer of the Company is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

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

Other than as disclosed below, no director or executive officer of neither the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the 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; or
- (b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

D. Richard Skeith was the corporate secretary of Canaf Group Inc. and was subject to a management cease trade order on March 5, 2008, when that company was late with its financial filings. These were subsequently filed and the management cease trade order was revoked on June 20, 2008. He was the corporate secretary of MegaWest Energy Corp. when it was subject to a cease trade order from September 7, 2010 until October 22, 2010 for failure to file financial information on a timely basis. Subsequent to Mr. Skeith's resignation as the corporate secretary of Cheyenne Energy Inc. ("Cheyenne") in January, 2008, a receiver was appointed by Cheyenne's bank and its assets sold to pay its bank debts. Subsequent to his resignation as a director of Leader Energy Services Ltd. on February 17, 2015, that company filed for creditor protection.

Conflicts of Interest

Certain officers and directors of the Company are also officers and/or directors of other entities engaged in the cannabis industry generally. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of the date of this AIF, there are no legal proceedings material, and no contemplated legal proceedings known to be material, to the Company or its subsidiaries, to which the Company or its subsidiaries is a party or of which any of the Company or its subsidiaries' respective property is the subject matter.

As of the date of this AIF, none of the Company nor any of its subsidiaries has been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years immediately preceding the date hereof, nor has any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date hereof, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Company's securities or would be likely to be considered important to a reasonable investor making an investment decision.

AUDIT COMMITTEE

For disclosure regarding the Audit Committee, see the Annual Circular and Special Circular, which is incorporated herein by reference

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described herein, management of the Company is not aware of a material interest, direct or indirect, of any director or officer of the Company, any director or officer of a body corporate that is itself an insider of the Company, any proposed nominee for election as a director of the Company, any principal shareholder, or any associate or affiliate of any such person, in any transaction within the three most recently completed financial years or in any proposed transaction which has materially affected or would materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is TSX Trust Company of Canada at its principal offices in Calgary, Alberta.

Computershare Trust Company of Canada at its principal office in Calgary, Alberta, is the warrant trustee and the debenture trustee for the warrant indenture and debenture indenture with respect to the Convertible Debentures and the Convertible Debenture Warrants

MATERIAL CONTRACTS

The Company has not entered into any material contracts, other than contracts entered into in the ordinary course of business, within the past year or entered into before the most recently completed fiscal year that are still in effect.

INTEREST OF EXPERTS

The auditors of the Corporation, Davidson & Company LLP, are independent with respect to the Corporation, in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's stock option plans are contained in the Annual Circular and Special Circular filed on SEDAR on January 8, 2018 and March 26, 2018, respectively. Additional financial information is provided in the Company's Financial Statements and MD&A.