

**GREENSTAR BIOSCIENCES CORP.**  
**(formerly “BETHPAGE CAPITAL CORP.”)**

**CSE FORM 2A LISTING STATEMENT**

**Dated May 28, 2019**

**IN CONNECTION WITH THE LISTING OF GREENSTAR BIOSCIENCES CORP.**  
**THE ENTITY FORMED UPON THE REVERSE TAKEOVER OF BETHPAGE CAPITAL CORP.**  
**BY GREEN STAR BIOSCIENCES INC.**

*Neither the Canadian Securities Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Proposed Transaction described in this Listing Statement.*

## CAUTION REGARDING BUSINESS

This Listing Statement qualifies the distribution of securities of an entity that is expected to continue to indirectly derive a portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Greenstar Biosciences Corp. (as the Resulting Issuer) is indirectly involved (through contractual relationships with, including the option to acquire corporate entities in the United States) in the cannabis industry in the United States where local state laws permit such activities. Currently, the Resulting Issuer is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the United States, nor is the Resulting Issuer directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in Canada or the United States, although the Resulting Issuer may, in the future, seek to obtain a license to directly engage in the cultivation, processing, and/or retail sale of cannabis.

Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the *Controlled Substances Act* (the “CSA”) in the United States and as such, cannabis-related practices or activities, including without limitation, the 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 Resulting Issuer of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Resulting Issuer. Any such proceedings brought against the Resulting Issuer may adversely affect the Resulting Issuer’s operations and financial performance. See “*Narrative Description of the Business – Regulatory Considerations – Canadian Companies with U.S. Marijuana-Related Assets*”.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, involvement in cannabis businesses in the United States is subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which may adversely affect the current and future business of the Resulting Issuer in the United States. As such, there are a number of risks associated with the Resulting Issuer's existing and future business in the United States.

For the reasons set forth above, the Resulting Issuer’s interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada.

There are a number of risks associated with the business of the Resulting Issuer. See section entitled “*Risk Factors*” for a detailed list of risk factors, including “*Reliance on Securing Agreements with Licensed Suppliers,*” “*U.S. Federal Laws,*” “*Regulation that may hinder GSB's ability to establish and maintain bank accounts,*” “*Product liability, operation risk*” and “*Negative publicity or consumer perception may affect the success of our business*”.

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## 1. GLOSSARY OF GENERAL TERMS

*In this Listing Statement, the following terms shall have the meaning ascribed thereto as set out below:*

"**ABCA**" means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder, as amended from time to time;

"**affiliate**" means an affiliated body corporate within the meaning of the *Business Corporations Act* (Alberta);

"**Agency Agreement**" means the June 29, 2018 Agency Agreement between GSB and Mackie Research Capital Corporation, as amended on October 3, 2018, in connection with the Brokered Private Placement, whereby Mackie agreed to provide GSB agency services for the sale of GSB units at a price of \$0.35 per unit with each unit entitling a unit holder to one GSB Common Share and one-half of one warrant with each warrant exercisable into one GSB Common Share for a period of twenty months from closing;

"**Agent's Unit Options**" means the options issued to the agent under the Agency Agreement as partial consideration for services under the terms of the Agency Agreement, each Agent's Unit Option exercisable into an Agent's Unit;

"**Agent's Units**" means units of GSB to be issued upon exercise of the Agent's Unit Options, each unit consisting of one GSB Common Share and one-half of one Agent's Warrant;

"**Agent's Warrant**" means a purchase warrant that is exercisable into one GSB Common Share for an exercise price of \$0.75 for a period of twenty four months from the date of closing of the sale of GSB units under the Agency Agreement;

"**Asset and Debt Assignment Agreement**" means the April 10, 2018 agreement between Northwest Cultivation Corp. ("NWCC") and GSB whereby GSB was assigned all of the interests of NWCC to acquire all of the assets and issued and outstanding shares of Cowlitz;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended from time to time;

"**Bethpage**" means Bethpage Capital Corp, a corporation incorporated on May 13, 2010 under the laws of the Province of British Columbia and a party to the Merger Agreement;

"**Bethpage Common Shares**" means common shares in the capital of Bethpage prior to the completion of the Proposed Transaction;

"**Bethpage's Financial Statements**" means the audited financial statements of Bethpage as at and for the years ended December 31, 2018, 2017 and 2016, consisting of Statements of Financial Position, Statements of Comprehensive Loss, Statements of Changes in Shareholders' Equity, Statements of Cash Flows and all notes thereto;

"**Bethpage Options**" means all of the issued and outstanding options to purchase Bethpage Common Shares that are to be exchanged for Resulting Issuer Options after giving effect to the Consolidation;

"**Bethpage Subco**" means 2173969 Alberta Ltd., a corporation formed under the laws of Alberta pursuant to the Merger Agreement and a wholly owned subsidiary of Bethpage;

"**Board**" means the Board of Bethpage;

"**Brokered Private Placement**" means the brokered private placement of GSB Units pursuant to the Agency Agreement;

"**business day**" means a day other than a Saturday or Sunday on which the principal commercial banks located in Vancouver, British Columbia are open for business during normal banking hours;

"**Capri**" means Capri PHGS LLC, a corporation formed under the laws of Delaware pursuant to the Progressive JV Agreement and a 50% owned subsidiary of GSB;

"**Capri Sublease**" means the February 4, 2019 agreement whereby Progressive granted an exclusive sublease to Capri, the joint venture company under the Progressive JV Agreement;

"**CBD**" means cannabidiol, the main non-psychoactive constituent of the cannabis plant, that is often infused in to other products for medical, therapeutic or other uses and typically consumed by means other than smoking, including but not limited to edible products, topical agents, dietary supplements, cosmetics, tinctures, vaporizers and drink additives;

"**Closing**" means the completion of the Proposed Transaction, which shall take place on the Closing Date at the offices of TingleMerrett LLP in Calgary, Alberta;

"**Closing Date**" means the date of Closing which is expected to be on or before May 31, 2019, or such later date as agreed to by Bethpage and GSB;

"**Consolidation**" means the consolidation of the Bethpage Common Shares on the basis of one (1) new Bethpage Common Share for every two (2) pre-consolidation Bethpage Common Shares issued and outstanding;

"**Cowlitz**" means Cowlitz County Cannabis Cultivation Inc., a private Washington State corporation that was incorporated on September 11, 2014;

"**Cowlitz License Agreement**" means the May 17, 2018 agreement whereby Cowlitz obtained a license to use all of the IP of GSB;

"**Cowlitz Option Agreement**" means the agreement dated May 17, 2018, whereby GSB maintains the option to buy all of the issued and outstanding shares in Cowlitz from its shareholders;

"**CSA**" means *Controlled Substances Act* (the "**CSA**") in the United States;

"**CSE**" or "**Exchange**" means the Canadian Securities Exchange;

"**DEA**" means the Drug Enforcement Agency of the United States;

"**FDA**" means the Food and Drug Administration of the United States;

"**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;

"**FINRA**" means the Financial Industry Regulation Authority, a private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD) and the member regulation, enforcement and arbitration operations of the New York Stock Exchange;

"**Foreign Private Issuer**" means "foreign private issuer" as defined in Rule 3b-4 under the U.S. Securities Act;

"**Greenstar Biosciences Corp.**" means Bethpage after it has changed its name to Greenstar Biosciences Corp. pursuant to the terms of the Merger Agreement;

**"GSB"** means **Green Star Biosciences Inc.** an Alberta corporation incorporated on March 21, 2018 and a party to the Merger Agreement;

**"GSB's Business"** means the business previously and heretofore carried on by GSB, which consists primarily of the contractual relationship with Cowlitz for the licensing of intellectual property in relation to Cowlitz's operations as a producer, processor and distributor of cannabis products;

**"GSB Common Share"** means a Class A common share in the capital of GSB prior to the completion of the Proposed Transaction;

**"GSB's Financial Statements"** means the audited financial statements of GSB as at and for the period ended August 31, 2018 and the unaudited interim financial statements as at February 28, 2019, consisting of Statements of Financial Position, Statements of Comprehensive Loss, Statement of Loss and Comprehensive Loss, Statements of Cash Flows and all notes thereto;

**"GSB Options"** means 5,813,508 issued and outstanding options to purchase GSB Common Shares that are to be exchanged for Resulting Issuer Options;

**"GSB Meeting"** means the special meeting of the shareholders of GSB held on March 27, 2019 for the purposes of approving the Merger;

**"IFRS"** means International Financial Reporting Standards, being the International Financial Reporting Standards of accounting, applicable as at the date on which such calculation is made or required to be made in accordance with such standards;

**"IP"** means intellectual property;

**"IP Agreement"** means the May 17, 2018 agreement between Cowlitz and GSB, as amended, whereby GSB purchased all of the IP of Cowlitz;

**"Lease Assignment"** means the May 17, 2018 Lease Purchase, Assignment and Assumption Agreement between Svenson & Svenson Liquidators, Inc. and GSB;

**"Letter Agreement"** means the binding Letter Agreement between Bethpage and GSB dated September 7, 2018, as amended and restated;

**"Liquidity Event"** means one of the following events that results in the Corporation being listed as a reporting issuer on a recognized exchange, including:

- i. the filing of a final prospectus in relation to an initial public offering of the Corporation;
- ii. the filing of a final decision document in relation to a reverse take-over whereby a publicly listed company acquires all the issued and outstanding common shares of the Corporation;
- iii. a change of control of the Corporation which includes (a) a merger or acquisition in which the Corporation is not the surviving entity, other than a transaction the principal purpose of which is to change the incorporating jurisdiction of the Corporation; (b) the sale, transfer or other disposition of all or substantially all of the assets of the Corporation; or (c) any other corporate reorganization or business combination pursuant to which 50% or more of the outstanding voting stock of the Corporation is transferred, or exchanged through merger, to different holders in a single transaction of the Corporation or in a series of related transactions;

**"Listing Statement"** means this listing statement prepared by Bethpage and GSB in connection with the Proposed Transaction as required by the CSE;

"**Merger**" means the merger that occurs as a result of the completion of the amalgamation of GBS and Bethpage Subco pursuant to the Merger Agreement;

"**Merger Agreement**" means the amalgamation agreement dated February 28, 2019 between Bethpage Subco and GSB, and all instruments supplemental thereto or in amendment or confirmation thereof, which is attached hereto as *Appendix A*;

"**Option Plan**" means the option plan of the Resulting Issuer to be adopted by its board of directors in connection with Closing;

"**person**" means any individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

"**Pooling Agreement**" means the March 31, 2019 pooling among GSB and subscribers to the May 10, 2018 non-brokered GSB private placement (*see "Escrowed Securities"*);

"**Progressive**" means Progressive Herbs, LLC;

"**Progressive JV Agreement**" means the February 4, 2019 joint venture agreement between Progressive and GSB;

"**Progressive Note**" means the secured promissory note in the principal amount of USD\$500,000 from Progressive to GSB;

"**Proposed Transaction**" means the acquisition by Bethpage of substantially all of the GSB Common Shares pursuant to the terms of the Merger Agreement;

"**Resulting Issuer**" means Greenstar Biosciences Corp. (formerly Bethpage Capital Corp.) immediately following completion of the Proposed Transaction and name change of Bethpage;

"**Resulting Issuer Options**" means options to purchase Resulting Issuer Shares granted and governed by the Option Plan;

"**Resulting Issuer Shares**" means the common shares of the Resulting Issuer immediately following completion of the Proposed Transaction and the name change of Bethpage to "Greenstar Biosciences Corp.";

"**SEC**" means the U.S. Securities Exchange Commission, an independent agency of the United States federal government that is primarily responsible for enforcing federal securities laws, proposing securities rules, and regulating the securities industry, the nation's stock and options exchanges, and other activities and organizations, including the electronic securities markets in the United States;

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

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended.

## **FORWARD LOOKING STATEMENTS AND CURRENCY**

Certain statements contained in this Listing Statement constitute forward-looking statements. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions or negative variations thereof. In particular, this Listing Statement contains forward-looking statements pertaining to:

- the perceived benefits and effects of the Merger;

- plans regarding our revenue, expenses and operations;
- our anticipated cash needs and our need for additional financing;
- ability to protect, maintain and enforce intangible properties rights;
- plans for and timing of expansion of solutions and products;
- future growth plans and the ability to meet our business objectives;
- the acceptance by customers and the marketplace of new products and solutions;
- ability to attract new customers and develop and maintain existing customers;
- ability to attract and retain personnel;
- expectations with respect to advancement and adoption of new product lines and ingredients;
- competitive position and expectations regarding competition;
- anticipated trends and challenges in our business and the markets in which we operate; and
- treatment under government regulatory regimes.

The perceived benefits of the Merger are based upon a number of facts and assumptions, including the terms and conditions of the Merger Agreement and current industry, economic and market conditions. The structure and effect of the Merger are based upon the terms of the Merger Agreement and the transactions contemplated thereby (see "*The Merger Agreement*" and *Appendix A* attached hereto). Certain steps in, and timing of, the Merger are based upon the terms of the Merger Agreement, and in respect of the ability and necessary time to receive the required regulatory approvals and advice received from counsel relating to timing expectations (see "*The Merger Agreement*" and *Appendix A* attached hereto).

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Bethpage believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Listing Statement and in the documents incorporated by reference herein should not be unduly relied upon. These statements speak only as of the date of this Listing Statement.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements include:

- the conditions to completion of the Merger may not be satisfied or waived which may result in the Merger not being completed;
- the occurrence of an event, change or other circumstance that could give rise to the termination of the Merger Agreement;
- risks related to factors beyond the control of Bethpage or GSB
- limited operating history;
- reliance on third-party suppliers and manufacturers;
- need for additional financing;
- product liability and operational risk of GSB's contracting companies;
- product recalls of GSB's contracting companies;
- maintaining and promoting our brand;
- changing consumer preferences;
- key personnel risk;
- uninsured or uninsurable risk;
- potential violation of U.S. federal laws;
- uncertainty caused by potential changes to legal regulations;
- potential changes in federal and state laws and regulations;
- loss of Foreign Private Issuer status; and
- adverse tax consequences.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Listing Statement are expressly qualified by this cautionary statement. Except as required by law,



neither Bethpage nor GSB undertakes any obligation to publicly update or revise any forward-looking statements.

Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Listing Statement.

### ***Note on Information Concerning GSB***

The information contained or referred to in this Listing Statement relating to GSB, Cowlitz and GSB's Business has been furnished by the management of GSB. In preparing this Listing Statement, Bethpage has relied upon such information provided by the management of GSB to ensure that this Listing Statement contains full, true and plain disclosure of all material facts relating to GSB and GSB's Business.

**Currency:** GSB reports its financial statements in Canadian dollars. All amounts relating to GSB financial information are stated in Canadian dollars unless otherwise specified herein. For the purposes of this Listing Statement an exchange ratio of \$1.3429 Canadian dollars for every 1 United States dollar, being the noon rate for the Bank of Canada on May 16, 2019, was used for United States dollars represented in Canadian dollars unless otherwise indicated.

### ***Market and Industry Data***

This Listing Statement includes market and industry data relevant to the Resulting Issuer's business that has been obtained from third party sources, including industry publications. GSB and Bethpage believe that this industry data is accurate and that the estimates and assumptions contained therein are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, neither Bethpage nor GSB have independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

## **2. CORPORATE STRUCTURE**

### ***Bethpage - Name and Address***

Bethpage's registered and records office is located at Suite 2500 - 700 West Georgia Street, Vancouver, BC V7Y 1B3.

Bethpage is a reporting issuer in the provinces of British Columbia and Alberta and prior to the listing of the Bethpage Shares on CSE, the Bethpage Shares were listed for trading on the NEX board of the TSXV under trading symbol "BET.H".

### ***Bethpage - Incorporation and Listing History***

Bethpage was incorporated under the *BCBCA* on May 13, 2010. Pursuant to a prospectus filed with the British Columbia and Alberta Securities Commissions, Bethpage completed an Initial Public Offering ("IPO") on June 19, 2012 and its shares were listed for trading on the TSX Venture Exchange (the "Exchange"), as a Tier 2 issuer on June 21, 2012. On October 20, 2016, the Company's listing transferred to the NEX Board of the Exchange under the symbol "BET.H".

### ***Bethpage - Intercorporate Relationships***

Bethpage currently has one subsidiary, 2173969 Alberta Ltd., which was incorporated on February 19, 2019 under the laws of the province of Alberta as a wholly owned subsidiary of Bethpage in connection with the Proposed Transaction.

### ***Proposed Corporate Structure following Proposed Transaction***

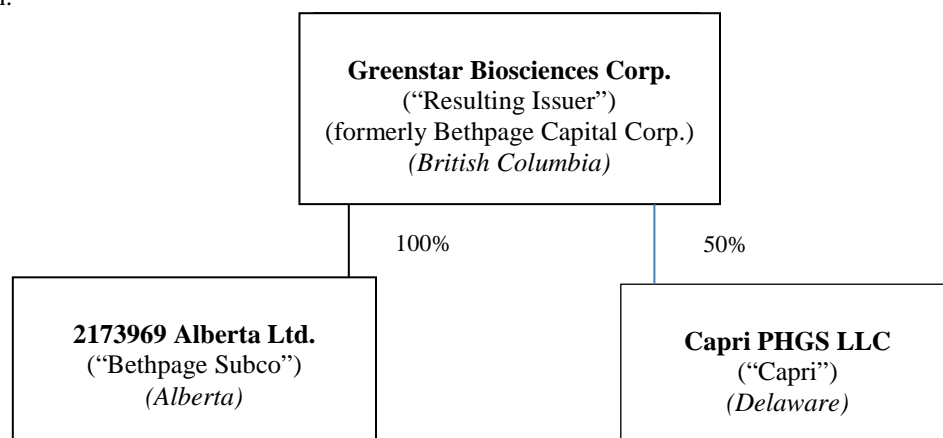
Following Closing, the Resulting Issuer will be a corporation governed by the laws of the BC. Articles of Amendment will be filed in connection with Closing to: (i) effect the Consolidation on the basis of one (1) post-Consolidation Common Share for every 2 (two) pre-Consolidation Common Shares; (ii) to change the name of Bethpage to Greenstar Biosciences Corp.

**Upon receipt of the conditional approval of the CSE to list on the Common Shares of the Resulting Issuer, but prior to Closing, the current directors and officers of Bethpage intend to resign in favour of the directors and management of GSB.**

The Resulting Issuer's head office will be located at: 1250, 639 – 5<sup>th</sup> Ave SW, Calgary, AB T2P 0M9 and registered office will be located at: 1188 W Georgia St., Vancouver, BC V6E 4A2.

### ***Intercorporate Relationships***

The chart below represents the proposed corporate structure of the Resulting Issuer upon completion of the Proposed Transaction.



Following Closing, Mergeco, the corporation resulting from the merger of GSB and Bethpage Subco, will be a corporation governed by the laws of the Province of Alberta, and will be a wholly-owned subsidiary of the Resulting Issuer.

### ***GSB Name and Address***

The business and records and registered office of GSB is located at Suite 1250, 639 – 5<sup>th</sup> Ave SW, Calgary, AB T2P 0M9.

### ***GSB Incorporation***

GSB was incorporated on March 21, 2018, as a private Alberta corporation. GSB intends to amalgamate with Bethpage Merger Subco under the laws of the Province of Alberta in connection with the Proposed Transaction and to continue as Greenstar Biosciences Corp.

GSB is not a reporting issuer, and none of its securities are registered under the securities legislation of any jurisdiction.

### ***Fundamental Change or Proposed Acquisition***

Had the Bethpage Common Shares been listed and posted for trading on CSE, the Proposed Transaction would constitute a fundamental change and a significant acquisition under the policies of the CSE. See “*Bethpage Significant Acquisitions or Dispositions*” below.

### **3. GENERAL DEVELOPMENT OF THE BUSINESS**

#### ***Bethpage Capital Corp.***

Bethpage is a public company currently listed on the NEX Board of the TSX Venture Exchange under the symbol “BET.H”. Bethpage was incorporated under the BCBCA on May 13, 2010. Bethpage was an exploration stage company engaged in the evaluation of and exploration of mineral properties. Pursuant to a prospectus filed with the British Columbia and Alberta Securities Commissions, Bethpage completed an Initial Public Offering (“IPO”) on June 19, 2012 and its shares were listed for trading on the TSX Venture Exchange (the “TSX-V”), as a Tier 2 issuer on June 21, 2012. On October 20, 2016 the Company’s listing transferred to the NEX Board of the TSX-V. Bethpage has received shareholder approval to delist from the NEX Board and intends to do so in connection with its application to list the Common Shares on the CSE.

Bethpage’s exploration activities have been funded to date through the issuance of common shares pursuant to private placements. Bethpage has raised approximately \$762,000 in equity financing to date. On March 9, 2017, Bethpage completed a private placement and issued 500,000 common shares at \$0.10 per share for gross proceeds of \$50,000.

On September 7, 2018, Bethpage entered into a Letter of Intent with GSB, a private Alberta corporation, to combine their businesses. See “*Conditions to the Proposed Transaction*” below.

Details regarding the Proposed Transaction including the background to, reasons for, details of, conditions to and effect of the Proposed Transaction are set forth in this Listing Statement and the Appendices hereto. Readers are urged to carefully read the information in this Listing Statement and the Appendices hereto.

#### ***Green Star Biosciences Inc.***

GSB was incorporated pursuant to the provisions of the ABCA on March 21, 2018. Since its formation, GSB has sought to invest in cannabis-related assets and companies for the purpose of creating value by participation in the growth of the cannabis industry. GSB owns cannabis related brands, and provides management related services and leased real estate to a cannabis producer and processor.

GSB has been actively monitoring the cannabis market and according to Arcview Market Research<sup>1</sup> and BDS Analytics<sup>2</sup>, the North American cannabis market is expected to grow from \$9.2 Billion in 2017 to over \$47 Billion within a decade. The cannabis market in Washington State has been expanding as evidenced by the approximately 30 times growth since 2014. With cannabis currently legalized for recreational use in nine U.S. States, GSB and Cowlitz have recognized opportunities to expand from Washington to other states such as Oregon, California, and Nevada.

GSB has recognized and believes that the use and application of cannabis, and cannabis based products is an early stage industry that has substantial room for growth, fueled by changes in regulations, the acceptance that CBD is beneficial for specific ailments, and awareness of the purported health and wellness benefits. Following regulatory changes, GSB management sees an opportunity for growth and expansion in this industry.

<sup>1</sup><http://arcviewgroup.com/product/6<sup>th</sup>-edition/>

<sup>2</sup><https://bdsanalytics.com/cannabis-retail-price-index/>

### ***Bethpage Recent Development***

Other than the Merger Agreement described below, Bethpage has not had any material developments since December 31, 2017.

### ***Bethpage Significant Acquisitions or Dispositions***

On September 16, 2011, Bethpage entered into an agreement with Eagle Plains Resources Ltd. (“**Eagle Plains**”) (the “**Eagle Agreement**”) whereby Bethpage was granted the sole and exclusive irrevocable right and option to acquire from Eagle Plains an undivided sixty (60%) percent interest in the Hall Lake Property, located in the Fort Steele Mining Division, British Columbia. The terms of the agreement were amended on June 3, 2013, October 30, 2014 and November 13, 2015. The Company paid \$5,000 to Eagle Plains as an extension fee for November 13, 2015 amendment. The Eagle Agreement, as subsequently amended, provided for the Company to earn its interest by incurring exploration expenditures of \$3,000,000 and making payments consisting of \$600,000 in cash and issuing 1,100,000 shares to the Eagle Plains over a period ending on December 31, 2019. During the year ended December 31, 2015, Bethpage allowed certain claims to lapse which resulted in a \$109,690 impairment of evaluation and exploration assets, leaving a residual cost of \$10,500.

During the year ended December 31, 2016, Bethpage did not meet the required cash, shares and exploration expenditure commitments of the Eagle Agreement and abandoned the property. As a result, Bethpage recognized an impairment of \$10,500 of evaluation and exploration assets. Bethpage has no remaining rights or obligations under the Eagle Agreement and the Eagle Agreement has terminated in accordance with its own terms.

The Proposed Transaction constitutes a significant acquisition for Bethpage. The parties to the Proposed Transaction are at arm’s length to one another. Under the Merger Agreement, a copy of which is attached hereto as *Appendix A* and a copy of which is also available at [www.sedar.com](http://www.sedar.com), Bethpage has agreed to combine its business with GSB via the merger of Bethpage and GSB.

In August 2018, representatives of Bethpage and GSB discussed the merits of a potential business combination. Recognizing the potential benefit such a transaction would bring to its shareholders, management of Bethpage entered into a binding letter of intent agreement with GSB on September 7, 2018. The parties continued their respective due diligence reviews and signed the Merger Agreement on February 28, 2019. Upon the completion of the Proposed Transaction in accordance with the terms of the Merger Agreement, the Resulting Issuer will carry on the business of GSB under the name of Greenstar Biosciences Corp. The CSE has conditionally accepted the Proposed Transaction subject to Bethpage fulfilling all of the requirements of the CSE.

The following summary of the Merger Agreement is qualified in its entirety by the text of the Merger Agreement, a copy of which is attached hereto as *Appendix A* and which has also been filed by Bethpage with the Canadian securities regulatory authorities and is available at [www.sedar.com](http://www.sedar.com).

### ***The Merger Agreement***

The Merger Agreement provides for the implementation of the amalgamation of Bethpage Subco and GSB and a number of other items in connection with the Proposed Transaction. The following is a summary only of certain provisions of the Merger Agreement and reference should be made to the full text of the Merger Agreement and the Plan of Merger set forth in *Appendix A* to this Listing Statement and which has also been filed by Bethpage with applicable Canadian securities regulatory authorities and is available at [www.sedar.com](http://www.sedar.com).

### **Representations, Warranties and Covenants**

The Merger Agreement contains customary representations and warranties made by each of the parties in respect of the respective assets, liabilities, financial position, business and operations of Bethpage and GSB. Both Bethpage and GSB also provided covenants in favour of each other in the Merger Agreement which govern the conduct of the operations and affairs of each respective party prior to Closing.

### Conditions to the Proposed Transaction

The Merger Agreement contains certain conditions to the obligations of Bethpage and GSB to complete the Proposed Transaction. Unless all of such conditions are satisfied or waived by the Party or Parties for whose benefit such conditions exist, the Proposed Transaction will not be completed. The following is a summary of the significant conditions contained in the Merger Agreement:

- (a) the Amalgamation and the Merger Agreement shall have been approved by the directors of Bethpage Subco and GSB, and by Bethpage, in its capacity as sole shareholder of Bethpage Subco;
- (b) upon or prior to Closing, all corporate, shareholder and regulatory requirements have been or are capable of being satisfied, including, but not limited to, consent and approval of the Bethpage shareholders and the TSX Venture Exchange for delisting the Bethpage Common Shares and satisfaction of the listing requirements of the CSE, including working capital requirements, approval of the GSB shareholders of the Proposed Transaction and any other requirement of the CSE and the CSE shall have provided its approval or conditional approval of the Proposed Transaction;
- (c) the Consolidation Resolution shall have been approved by the directors of Bethpage;
- (d) there shall not be in force any order or decree restraining or enjoining the consummation of the Proposed Transaction;
- (e) no material action or proceeding shall be pending or threatened by any Person, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:
  - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Proposed Transaction; or
  - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the Proposed Transaction;
- (f) at the Closing Date, there shall have been no material adverse effect on the condition of Bethpage's business (financial or otherwise), properties, assets, liabilities, earnings, or business operations or prospects of Bethpage from that shown on or reflected in Bethpage's Financial Statements;
- (g) at the Closing Date, there shall have been no material adverse effect on the condition of GSB's business (financial or otherwise), GSB's assets or its liabilities, earnings, or other business operations or prospects from that shown on or reflected in GSB's Financial Statements;
- (h) Bethpage shall be a reporting issuer in good standing in the Province of Alberta and British Columbia and neither Bethpage nor the Bethpage Common Shares shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;
- (i) on the Closing Date, Bethpage shall have a maximum net working capital deficit of \$150,000;
- (j) prior to Closing, Bethpage shall have authorized the issuance of the Resulting Issuer Shares to the GSB Shareholders on the terms set out in the Merger Agreement;
- (k) each of Bethpage and GSB having obtained all necessary corporate, shareholder and regulatory consents, approvals and authorizations, including any third party approvals and consents, required or necessary to be obtained in connection with the Proposed Transaction;
- (l) prior to our concurrent with Closing, as the CSE may require: i) the entering in to of a pooling agreement in respect to of the Bethpage Common Shares held by officers, directors, insiders and promoters of the Resulting Issuer, ii) the entering in to of stock restriction and escrow agreements by the holders of the GSB Shares in relation to their Bethpage Common Shares issued as part of the Transaction, and iii) the entering

in to of stock restriction and escrow agreements between the Resulting Issuer and the principals of the Resulting Issuer in relation to their Resulting Issuer Common Shares.

The Proposed Transaction is structured as a three-cornered amalgamation and, as a result, the amalgamated corporation will become a wholly-owned subsidiary of the Resulting Issuer on Closing and the former shareholders of GSB will become shareholders of the Resulting Issuer and receive Resulting Issuer Shares. The Proposed Transaction will constitute a reverse take-over under applicable securities laws upon Closing. The Resulting Issuer qualifies as a "Foreign Private Issuer" in the United States, until such time as the Resulting Issuer chooses to, or is required to, become a U.S. domestic issuer for U.S. securities laws purposes.

**There is no assurance that the conditions set out in the Merger Agreement will be satisfied or waived on a timely basis or at all.** Upon the conditions precedent set forth in the Merger Agreement being fulfilled or waived, Bethpage intends to file all required regulatory filings, together with such other materials as may be required, in order to give effect to the Proposed Transaction.

Notwithstanding the foregoing, each of the resolutions approving the Consolidation and the Proposed Transaction authorizes the Boards of Bethpage and GSB, without further notice to or approval of the Bethpage Shareholders to decide not to proceed with such matters at any time prior to the Effective Date.

Subject to all conditions precedent to the Merger as set forth in the Merger Agreement being satisfied, or waived by the appropriate party, including, but not limited to, the Consolidation, the Proposed Transaction will become effective upon the filing of Articles of Amalgamation with the registrar for the Province of Alberta.

The Resulting Issuer Shares to be issued to shareholders of GSB resident in the United States under the Proposed Transaction, will be issued in reliance on Section 4(a)(2) under the U.S. Securities Act and will be deemed "restricted securities" as defined in Rule 144(a)(3) of the U.S. Securities Act, and may not be transferred or sold, except pursuant to applicable exemptions under the U.S. Securities Act and state securities laws, including Rule 904 of Regulation S and Rule 144 under the U.S. Securities Act.

Immediately after the completion of the Proposed Transaction, on a non-diluted basis, the former holders of GSB will own approximately 62,522,789 Bethpage Common Shares, representing approximately 93.3% of the shares of the Resulting Issuer (non-diluted). A deemed value of \$0.35 per share has been placed on the Bethpage Common Shares issued in connection with the Proposed Transaction, resulting in total consideration paid to the holders of GSB Shares of approximately CDN\$21,532,399. The existing holders of Bethpage will own 4,450,000 Bethpage Common Shares, representing approximately 6.7% of the shares of the Resulting Issuer (non-diluted). Following completion of the Proposed Transaction there will be 66,972,789 Resulting Issuer Common Shares issued and outstanding, warrants to purchase 40,066,490 Resulting Issuer Common Shares, finder warrants to purchase 949,369 Resulting Issuer Common Shares, performance warrants to purchase 4,655,992 Resulting Issuer Common Shares, Agent's Unit Options to purchase 445,095 Agent's Units and stock options to purchase an additional 5,926,008 Resulting Issuer Common Shares. The parties anticipate closing the Proposed Transaction prior to May 31, 2019, unless otherwise agreed.

Pursuant to the Agency Agreement, GSB agreed that if it has not completed a Liquidity Event by the later of (i) 120 days following the closing of the Brokered Private Placement, or (ii) November 30, 2018 (the "**Liquidity Expiry Date**"), each purchaser under the Agency Agreement was entitled to that number of units (each unit (a "**GSB Unit**") consisting of one GSB Common Share and one warrant to purchase an additional GSB Common Share at \$0.75 per share for two years from the date of issuance) equal to 0.10 of the number of GSB Units issued to the Purchaser pursuant to the Offering (the "**Penalty Units**"), provided that for each additional sixty (60) day period after the Liquidity Expiry Date that the Corporation has not completed a Liquidity Event, each Purchaser shall be entitled to an additional 0.05 of the number of GSB Units issued to the Purchaser pursuant to the Offering, at the end of any such sixty (60) day period (the "**Penalty Provision**"). Each Penalty Unit shall have the same terms as a GSB Unit. On November 30, 2018, GSB issued 635,850 Penalty Units to subscribers under the Agency Agreement. A further, 317,925 Penalty Units were issued to subscribers under the Agency Agreement on each of January 31, 2019 and March 31, 2019.

Management of Bethpage believes that all material consents, rulings, approvals and assurances required for the completion of the Proposed Transaction will be obtained prior to the Closing Date in the normal course upon application therefor, however, there can be no assurance that all of the conditions to the Proposed Transaction will be fulfilled prior to the anticipated Closing Date. The fulfilment of certain of the conditions may be waived by the parties to the Merger Agreement.

### Termination

If any of the conditions contained in the Merger Agreement are not fulfilled or performed by May 31, 2019, or such other date as Bethpage and GSB may mutually agree in writing and such condition is:

- (a) a mutual condition, either of the parties hereby may terminate the Merger Agreement by notice in writing to the other party;
- (b) a condition of Bethpage, GSB may terminate the Merger Agreement by notice in writing to Bethpage;
- (c) a condition of GSB, Bethpage may terminate the Merger Agreement by notice in writing in accordance with Section 9.2 to GSB; and
- (d) GSB shareholders holding, in the aggregate, at least 5,714,285 GSB Shares exercise dissent rights at the GSB Meeting, Bethpage may, at its discretion, terminate the Merger Agreement by notice in writing to GSB.

If the Merger Agreement is terminated by GSB pursuant to the situations described in paragraphs (a) or (b) above, Bethpage shall pay to GSB, within 15 days of termination, the sum of \$336,000. If the Merger Agreement is terminated by Bethpage pursuant to the situations described in paragraphs (a), (c) or (d) above, GSB shall pay to Bethpage, within 15 days of termination, the sum of \$336,000.

The aforementioned is only a summary of the Merger Agreement. Readers are encouraged to refer to the Merger Agreement, a copy of which is attached hereto as *Appendix A* and which will also be filed on SEDAR at [www.sedar.com](http://www.sedar.com) following Closing.

### ***GSB Business History***

GSB is a private Alberta company that was incorporated on March 21, 2018.

On May 1, 2018 GSB entered into an Executive Consulting Agreement (the “**Dosdall Consulting Agreement**”) with Dosdall Properties Inc. (“**Dosdall**”), an Alberta corporation, whereby Dosdall was to act as the general manager of GSB. Dosdall was entitled to a monthly consulting fee of USD\$15,000. GSB and Dosdall mutually terminated the Dosdall Consulting Agreement effective March 20, 2019 with no recourse.

Effective May 1, 2018, GSB entered into an Executive Employment Agreement with Ralph Olson whereby Mr. Olson agreed to serve as the Chief Executive Officer of GSB for a term of five (5) years, to be extended by further one-year periods unless written notice of termination is received 90 days prior to expiry by either party. Mr. Olson’s base annual salary is US\$180,000 and he is eligible for an annual cash bonus and other benefits at the discretion of the board of directors. GSB may terminate Mr. Olson without cause at any time, if such termination occurs at least twelve (12) months following the effective date Mr. Olson is entitled to: a) all outstanding options granted to him shall immediately vest and be capable of exercise, b) a lump sum payment of twenty-four months’ salary, and c) any annual bonus allocable or payable prior to termination. Mr. Olson has agreed to not compete with GSB during the term of his employment and for a period of two (2) thereafter, within the territory in which GSB has been actively conducting business during the twenty-four months preceding his cessation of employment.

Since entering into various agreements on May 17, 2018 (such agreements described hereafter), GSB is the owner of the property leases, brands and intellectual property of Cowlitz County Cannabis Cultivation Inc. (“**Cowlitz**”), a licensed cannabis producer and processor located in Washington State. Cowlitz is a leading producer, marketer and vendor in the Washington State recreational cannabis market. Known for sourcing high-quality cannabis sold at

affordable prices to a broad and established consumer base, Cowlitz’s portfolio of branded products is available at approximately 20% of cannabis retailers throughout Washington State. Cowlitz is a top five producer and processor of cannabis in Washington and is the largest independent buyer of dried flower, producing over 200,000 pre-rolls monthly<sup>3</sup>. Currently, Cowlitz produces flower, dabs, pre-rolls, a full spectrum of cannabinoid powder, and infused joints under brand categories: “*Dab Dudes*” – affordably priced vape cartridges, BHO (butane hash oil) waxes and crystalline, “*Hi Guys*” – the ‘working man’s weed’, including flower, joints and BHO, and “*Cowlitz Gold*” – premium flower, joints, BHO and vape cartridges. Cowlitz branded products are currently available in approximately 20% of the dispensaries in Washington State.

Cowlitz holds a Washington State marijuana processor license as granted by the Washington State Liquor and Cannabis Board which licenses Cowlitz to process, dry, cure, package, and label useable marijuana, marijuana concentrates, and marijuana-infused products for sale at wholesale to marijuana processors and marijuana retailers in the State of Washington.

On January 15, 2019, GSB entered into an Executive Consulting Agreement (the “**Usher Consulting Agreement**”) with Rene Usher (“**Usher**”) whereby Usher is to act as a financial, operations and business development consultant of GSB. GSB recognized that Usher possesses experience and business relationships in relation to the cannabis industry and therefore Usher could advance GSB’s interests in engaging in business related to the expanding cannabis industry. Usher is entitled to a monthly consulting fee of USD\$3,400. GSB may terminate the Consulting Agreement at any time, for a material breach. The term of the agreement is 24 months. Upon a Change of Control Usher may terminate within 60 days following the change of control with entitlement to a termination payment equal to the remainder of the monthly consulting fee for the term of the agreement. In connection with the agreement, Usher was also granted 700,008 options to purchase GSB Common Shares at a strike price of CDN\$0.35 per share until January 15, 2024, which vest as to 29,167 options per month for the term of the agreement. The Proposed Transaction does not amount to a Change of Control under the Consulting Agreement. For the purpose of the Usher Consulting Agreement, “Change of Control” means: (i) the beneficial purchase of more than 51% of the GSB Shares, (ii) the amalgamation, consolidation or merger of GSB with any other corporation after which new shareholders own greater than 51% of the amalgamated company voting shares, (iii) the sale, lease or transfer by GSB of all or substantially all of the assets of GSB to any person other than a related corporation; or (iv) the approval by the shareholders of GSB of the liquidation, dissolution or winding-up of GSB.

On February 1, 2019, GSB executed a joint venture agreement with Progressive Herbs, Inc. (“**Progressive**”) an Illinois-based agricultural technology company (the “**Progressive JV Agreement**”). Progressive Herbs, Inc., and its affiliate, Aggressively Organic, Inc., are the owners of a proprietary technology for a sustainable, easy-to-use, inexpensive, productive growing system known as Micro Dendritic Pods™ (the “**Progressive IP**”). Pursuant to the Progressive JV Agreement, Progressive and GSB have formed a limited liability joint venture corporation, Capri, LLC, for the purposes of producing, processing, marketing and distributing cannabis, hemp, medicinal and bio pharmaceutical products for consumption worldwide utilizing the Progressive IP. Progressive has executed an exclusive sublicense agreement with Capri, LLC (the “**Capri Sublicense**”) for the use, reproduction, development, manufacture, commercialization, sublicense and exploitation of the Progressive IP solely in connection with the production, development, manufacture and sale of cannabis, hemp, medicinal and bio pharmaceutical products for consumption. Progressive and GSB have equal ownership interests in Capri, LLC, subject to a 20% overriding interest in favor of GSB until all capital expended by GSB in developing the joint venture (the set-up costs described below) has been repaid. Other than set-up costs initially funded by GSB, estimated at USD\$500,000, all operational costs of the joint venture shall be paid equally by Progressive and GSB.

In connection with the establishment of the joint venture with Progressive, on February 4, 2019, GSB provided to Progressive a secured loan in the principal amount of USD\$500,000 (the “**Progressive Note**”). The Progressive Note matures on February 4, 2020 and bears interest at 8% per annum, payable at maturity. The Progressive Note is secured by a general security agreement against all of the real and personal property of Progressive as well as an intellectual property security agreement as against the Progressive IP.

<sup>3</sup> [https://www.simplerijuanamenu.com/?utm\\*source=banner&utm\\_medium=502data&utm\\_content=502data](https://www.simplerijuanamenu.com/?utm*source=banner&utm_medium=502data&utm_content=502data)



On March 1, 2019, GSB entered into an Executive Consulting Agreement (the “**ACM Consulting Agreement**”) with ACM Management Inc. (“**ACM**”) whereby ACM would provide the services of Alex McAulay to act as GSB’s Chief Financial Officer. ACM is entitled to a monthly consulting fee of CDN\$2,500 plus any hourly fees charged by ACM supporting staff as necessary. GSB may terminate the Consulting Agreement at any time, for a material breach. The term of the agreement is 3 months, to be automatically renewed for further 3 month periods at the end of each term at the option of GSB.

Effective February 1, 2019 (the “**Effective Date**”), GSB entered into an Executive Consulting Agreement (the “**McAtee Consulting Agreement**”) with Dan McAtee (“**McAtee**”) whereby McAtee is to act in the capacity as GSB’s Chief Operating Officer. McAtee is entitled to a monthly consulting fee of USD\$6,000. GSB may terminate the Consulting Agreement at any time, for a material breach. The term of the agreement is 24 months. Upon a Change of Control McAtee may terminate within 60 days following the change of control with entitlement to a termination payment equal to the remainder of the monthly consulting fee for the term of the agreement. In connection with the agreement, McAtee was also granted 501,000 options to purchase GSB Common Shares at a strike price of CDN\$0.35 per share until February 1, 2024, which vest as to 20,875 options per month for the term of the agreement. The Proposed Transaction does not amount to a Change of Control under the Consulting Agreement. For the purpose of the McAtee Consulting Agreement, “Change of Control” means: (i) the beneficial purchase of more than 51% of the GSB Shares, (ii) the amalgamation, consolidation or merger of GSB with any other corporation after which new shareholders own greater than 51% of the amalgamated company voting shares, (iii) the sale, lease or transfer by GSB of all or substantially all of the assets of GSB to any person other than a related corporation; or (iv) the approval by the shareholders of GSB of the liquidation, dissolution or winding-up of GSB.

Since inception, GSB has raised approximately \$8,867,936 in a number of private equity financings which has been used to purchase its property leases, brands and intellectual property and license the purchased intellectual property to Cowlitz, see “*Selected Financial Information*” and “*Management’s Discussion & Analysis*” for a description of GSB’s operations to date. GSB currently maintains its head office in Calgary, Alberta and derives its revenue from its contractual relationships with Cowlitz.

### ***GSB Recent Developments***

Since its incorporation on March 21, 2018, GSB has conducted the following transactions:

On May 10, 2018, GSB issued 30,899,994 units in a non-brokered private placement at \$0.05 per unit for gross proceeds of \$1,545,000. Each unit consists of one common share in GSB and one warrant. Each warrant is exercisable into one common share of GSB at an exercise price of \$0.10 per warrant until May 10, 2020.

On May 18, 2018, GSB issued 15,659,800 common shares in a non-brokered private placement at \$0.20 per share for gross proceeds of \$3,131,960.

On May 18, 2018, GSB issued 700,000 warrants, as finder’s warrants, to Northbay Capital Partners Corp. with each warrant entitling the holder to exchange such warrant for one GSB Common Share upon the payment of \$0.20 on or before twenty-four (24) months from the date of issue.

On May 23, 2018, GSB issued 285,714 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$100,000. Each unit consists of one common share in GSB and one half of one warrant. Each warrant is exercisable into one common share of GSB at an exercise price of \$0.75 per warrant until May 23, 2020.

On June 29, 2018 GSB entered into an Agency Agreement with Mackie Research Capital Corporation with respect to the Brokered Private Placement. Under the terms of the Agency Agreement, GSB agreed to sell through the Agent up to 12,857,143 units (a “**GSB Unit**”) at a price of \$0.35 per GSB Unit for aggregate proceeds of up to \$4,500,000. Each GSB Unit consists of one (1) GSB Common Share and one half (1/2) of one (1) warrant (each whole warrant, a “**Warrant**”). Each Warrant is exercisable into one (1) GSB Common Share at \$0.75 for a period of twenty-four (24) months from the closing date of the Brokered Private Placement. The terms of the Offering also provided that, if GSB has not completed a Liquidity Event by the later of 120 days from closing or November 30,

2018 (the “**Liquidity Expiry Period**”) each holder of GSB Units purchased pursuant to the Brokered Private Placement (each a “**GSB Unitholder**”) shall be entitled to additional GSB Units equal to 0.10 of the number of GSB Units the GSB Unitholder purchased pursuant to the Brokered Private Placement (“**Penalty Units**”), and for each additional sixty (60) day period after the Liquidity Expiry Period, an additional number of Penalty Units equal to 0.05 of the number of GSB Units the GSB Unitholder purchased pursuant to the Brokered Private Placement. Each Penalty Unit issued due to the operation of the Liquidity Expiry Period is to have the same terms as a GSB Unit. In consideration for the Agent’s services in connection with the Brokered Private Placement, the Agent was to be paid the following: i) a cash commission equal to seven (7) percent of the gross proceeds of the sale of GSB Units; ii) a finance fee in the amount of \$40,000 (plus applicable taxes), and iii) the issue of agent’s options (“**Agent’s Unit Options**”) equal to seven (7) percent of the number of the GSB Units issued under the Offering. Each Agent’s Unit Option entitles the Agent to acquire one Agent’s Unit at an exercise price of \$0.35 per Agent’s Unit until the date that is 24 months from the date of a Liquidity Event, each Agent’s Unit consisting of one (1) GSB Common Share and one half of one Agent’s Warrant. Each Agent’s Warrant is exercisable into one GSB Common Share up on payment of \$0.75 per share for a period of two years from the date of closing of the Brokered Private Placement.

On June 29, 2018, pursuant to the Agency Agreement, GSB issued 5,403,500 GSB Units for gross proceeds of \$1,891,225. 378,245 Agent’s Unit Options were issued to Mackie Research Capital Corporation.

On July 23, 2018, pursuant to a non-brokered financing, GSB issued an additional 2,967,590 GSB Units for gross proceeds of \$1,038,656.

On July 24, 2018, pursuant to a non-brokered financing, GSB issued 7,000 Finder Warrants to Canaccord Genuity Corp., each Finder Warrant exercisable into one GSB Common Share upon payment of \$0.35 per share until July 24, 2020.

On July 31, 2018, pursuant to the Agency Agreement, GSB issued an additional 955,000 GSB Units for gross proceeds of \$334,250. 66,850 Agent’s Unit Options were issued to Mackie Research Capital Corporation.

On August 2, 2018, pursuant to a non-brokered financing, GSB issued an additional 85,000 GSB Units for gross proceeds of \$29,750.

On August 2, 2018, GSB, pursuant to finder arrangements, issued 170,000 Finder Warrants to Northbay Capital Partners Corp. and 5,950 Finder Warrants to Canaccord Genuity Corp. each exercisable into one GSB Common Share upon payment of \$0.35 per share until August 2, 2020.

On November 1, 2018, GSB issued 2,500,000 units in a non-brokered private placement at \$0.05 per unit for gross proceeds of \$125,000. These units were issued as a result of an overlooked subscription from the May 10, 2018 unit offering. Each unit consists of one common share in GSB and one warrant. Each warrant is exercisable into one common share of GSB at an exercise price of \$0.10 per warrant until May 10, 2020.

On November 30, 2018, pursuant to the terms of the Agency Agreement, GSB issued 635,850 Penalty Units.

On December 19, 2018, GSB issued 50,000 common shares in a non-brokered private placement at \$0.20 per share for gross proceeds of \$10,000. These units were issued as a result of an overlooked subscription from the May 18, 2018 share offering.

On January 4, 2019, pursuant to a non-brokered financing, GSB issued an additional 977,413 GSB Units for gross proceeds of \$342,095.

On January 15, 2019, pursuant to a non-brokered financing, GSB issued 66,419 Finder Warrants and 80,000 GSB Common Shares to Ripper, LLC, each Finder Warrant exercisable into one GSB Common Share upon payment of \$0.35 per share until January 1, 2021.

On each of January 31, 2019 and March 31, 2019, pursuant to the terms of the Agency Agreement, GSB issued 317,925 Penalty Units.

On March 25, 2019, pursuant to a non-brokered financing, GSB issued an additional 385,429 GSB Units for gross proceeds of \$134,900.

On May 15, 2019, pursuant to a non-brokered financing, GSB issued an additional 290,537 GSB Units at a price of \$0.45 per GSB Unit for gross proceeds of \$130,741.

On May 22, 2019, pursuant to a non-brokered financing, GSB issued an additional 711,111 GSB Units at a price of \$0.45 per GSB Unit for gross proceeds of \$320,000.

Below is a summary of the share capital activity by category since March 21, 2018:

#### Class A Common Shares

Number of Common Shares	Description
1	Issued pursuant to incorporation on April 1, 2018
30,899,994	Issued under the May 10, 2018 Private Placement
15,659,800	Issued under the May 18, 2018 Private Placement
285,714	Issued under the May 23, 2018 Private Placement
5,403,500	Issued under the June 29, 2018 Private Placement
2,967,590	Issued under the July 23, 2018 Private Placement
955,000	Issued under the July 31, 2018 Private Placement
85,000	Issued under the August 2, 2018 Private Placement
2,500,000	Issued under the May 10, 2018 Private Placement (belated issuance – issued November 1, 2018)
635,850	Issued pursuant to the terms of the Agency Agreement
50,000	Issued under the May 18, 2018 Private Placement (belated issuance – issued December 19, 2018)
977,413	Issued under the January 4, 2019 Private Placement
80,000	Issued as a finders fee under the January 4, 2019 Private Placement
317,925	Issued pursuant to the terms of the Agency Agreement
385,429	Issued under the March 25, 2019 Private Placement
317,925	Issued pursuant to the terms of the Agency Agreement
290,537	Issued under the May 15, 2019 Private Placement
711,111	Issued under the May 22, 2019 Private Placement

No Class B common shares or preferred shares have been issued to date by GSB.

#### Warrants

Number of Warrants	Description – exercise terms described above	Exercise Price	Expiry Date
4,655,992	Performance Warrants	\$0.35 per common share	May 18, 2026
30,899,994	Issued under the May 10, 2018 Private Placement	\$0.10 per common share	May 10, 2020
700,000	Issued as Finder Warrants pursuant to the May 18, 2018 Private Placement	\$0.20 per common share	May 18, 2020
142,857	Issued under the May 23, 2018 Private Placement	\$0.75 per common share	May 23, 2020
2,701,750	Issued under the June 29, 2018 Private Placement	\$0.75 per common share	June 29, 2020
189,122	Underlying the Agent's Unit Options	\$0.75 per common share	June 29, 2020
1,483,795	Issued under the July 24, 2018 Private Placement	\$0.75 per common share	July 24, 2020
7,000	Issued as Finder Warrants pursuant to the July 24, 2018 Private Placement	\$0.35 per common share	July 24, 2020

477,500	Issued under the July 31, 2018 Private Placement	\$0.75 per common share	July 31, 2020
33,425	Underlying the Agent's Unit Options	\$0.75 per common share	July 31, 2020
42,500	Issued under the August 2, 2018 Private Placement	\$0.75 per common share	August 2, 2020
175,950	Issued as Finder Warrants pursuant to the August 2, 2018 Private Placement	\$0.35 per common share	August 2, 2020
2,500,000	Issued under the May 10, 2018 Private Placement (belated issuance – issued Nov. 1, 2018)	\$0.10 per common share	May 10, 2020
270,175	Issued pursuant to the terms of the Agency Agreement (underlying the Penalty Units)	\$0.75 per common share	June 29, 2020
47,750	Issued pursuant to the terms of the Agency Agreement (underlying the Penalty Units)	\$0.75 per common share	July 31, 2020
488,706	Issued under the January 4, 2019 Private Placement	\$0.75 per common share	January 4, 2021
66,419	Issued as Finder Warrants pursuant to the January 15, 2019 Private Placement	\$0.35 per common share	January 15, 2021
135,088	Issued pursuant to the terms of the Agency Agreement (underlying the Penalty Units)	\$0.75 per common share	June 29, 2020
23,875	Issued pursuant to the terms of the Agency Agreement (underlying the Penalty Units)	\$0.75 per common share	July 31, 2020
192,714	Issued under the March 25, 2019 Private Placement	\$0.75 per common share	March 25, 2021
135,088	Issued pursuant to the terms of the Agency Agreement (underlying the Penalty Units)	\$0.75 per common share	June 29, 2020
23,875	Issued pursuant to the terms of the Agency Agreement (underlying the Penalty Units)	\$0.75 per common share	July 31, 2020
145,268	Issued under the May 15, 2019 Private Placement	\$0.75 per common share	May 15, 2021
355,555	Issued under the May 22, 2019 Private Placement	\$0.75 per common share	May 22, 2021

### ***GSB Significant Acquisitions or Dispositions***

On April 10, 2018 GSB agreed to an Asset and Debt Assignment Agreement with Northwest Cultivation Corp. (“NCC”) whereby GSB was assigned the right to purchase assets of Cowlitz (the “**LOI**”) and the consideration for such assignment was the assumption by GSB of certain obligations of NCC including Related Expenses in the amount of \$327,735. The Assignment Agreement is governed and construed in accordance with the laws of the Province of Alberta. The May 17, 2018 Cowlitz Option Agreement, described below, between GSB and Cowlitz governs the matters that were set out in the LOI.

On May 17, 2018 GSB entered into an Intellectual Property Purchase Agreement with Cowlitz (the “**IP Agreement**”) that provided for the purchase by GSB of all of Cowlitz’s Intellectual Property for a purchase price of US\$3,000,000. Cowlitz is engaged in the marijuana processing business and in connection with such business had developed significant and valuable intellectual property. Intellectual property is defined in the IP Agreement (the “**IP**”) as (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements to such inventions, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and re-examinations of such patents, (b) all

trademarks, service marks, trade dress, logos, trade names, and corporate names, and derivations of such name(s), together with all translations, adaptations, derivations, and combinations of, all goodwill associated with, and all applications, registrations, and renewals in connection with, such items, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection with such items, (d) all mask words and all applications, registrations, and renewals in connection with such items, (e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (excluding “shrink-wrap”, “click-wrap”, and commercially available “off the shelf” third party software), source code, domain names and URLs (including data and related documentation for each of the foregoing), and (g) all copies and tangible embodiments of any such items (in whatever form or medium), to the extent the same are in possession of Cowlitz. It is expressly provided in the IP Agreement that GSB does not acquire any other assets of Cowlitz than the IP. The IP Agreement is governed and construed by the laws of the State of Washington. Green Star has the right and ability to sell the acquired brands and trademarks at any time. The Company has the right to license the asset to various companies and generate revenues from licensing fees. Green Star is responsible for maintenance of existing registrations of the trademarks, including renewal fees. Green Star is responsible for the protection of the intellectual property, including any legal action required to be taken against infringement of the intellectual property.

On the same date as the IP Agreement, May 17, 2018, GSB, as Licensor, entered into a License Agreement (the “**Cowlitz License Agreement**”) with Cowlitz, as Licensee, that provided Cowlitz the right to use the IP acquired by GSB under the IP Agreement in connection with the manufacture, marketing, distribution and sale of certain products, the “**Licensed Products**” as defined in Schedule 1 to the Cowlitz License Agreement. The term of the Cowlitz License Agreement is in perpetuity unless terminated in accordance with its terms and conditions. The territory for the license is the State of Washington. The license fees (“**License Fees**”) are set out in Schedule 1 to the Cowlitz License Agreement and are payable to the Licensor on a per unit fee for each Licensed Product sold by the Licensee. The parties agreed that the Licensed Products and the License Fees shall be amended from time to time, upon agreement of the parties. No later than the 15<sup>th</sup> day of each month during the term of the Cowlitz License Agreement, the Licensee shall deliver to the Licensor a report of sales for the Licensed Products for the previous month and payment of the amount of License Fees owed for the previous month. The Licensee agreed to use commercially reasonable efforts to promote and expand the supply of Licensed Products throughout the Territory. The Licensee agreed to take all commercially reasonable steps, which may include without limitation, product recalls, to abate any health or safety risks posed by the Licensed Producer as expeditiously as possible. The Licensee agreed that in its exercising in rights that it shall comply with, and shall ensure that each Licensed Product sold or otherwise supplied by Licensee complies with, all applicable state laws throughout the term of the License. The Licensee also agreed that if the production and interstate sale and distribution of cannabis become legal under federal United States law, the Licensee shall comply with, and shall ensure that each Licensed Product sold or otherwise supplied by Licensee complies with, all then applicable United States laws. Either party may terminate the Cowlitz License Agreement if the other party is in breach of a material provision and such breach has not been cured within thirty (30) days of written notice of such breach having been delivered to the offending party. The Licensor has a right to terminate the Cowlitz License Agreement if i) the Licensee challenges the Licensor’s ownership of any of the IP, or ii) the Licensee fails to comply with applicable state laws and regulations concerning testing of marijuana or marijuana extracts used in the Licensed Products. The parties agreed to certain indemnification provisions to protect each of them from losses caused by the actions of the other party. The Licensee agreed to obtain and maintain during the term of the License product liability insurance for coverage in the amount of US\$1,000,000 and general liability insurance with limits of no less than US\$1,000,000, which is currently in place, in good standing. The governing law of the Cowlitz License Agreement is the laws of the State of Washington.

On the same date as the IP Agreement, May 17, 2018, GSB entered into the Cowlitz Option Agreement (the “**Cowlitz Option Agreement**”) with Cowlitz and Cameron Svenson and Blake Svenson, together the “Grantors”, whereby GSB, as “Optionee” acquired the option to purchase all of the issued and outstanding shares of capital stock in Cowlitz (the “**Shares**”) from the Grantors. The aggregate purchase price for the Shares is US\$50,000 and the term of the Option is ten (10) years from May 17, 2018. Cowlitz declares in the Cowlitz Option Agreement that it owns a Marijuana Processor License from the Washington State Liquor and Cannabis Board (“**WSLCB**”) and holds License Number 416502. The Cowlitz Option Agreement provides that (i) Grantors shall not voluntarily sell,

encumber or transfer all or any portion of the Shares, (ii) in the event of an involuntary transfer of all or any portion of the Shares, the transferee of such Shares shall be bound by the terms of this Agreement, (iii) Cowlitz shall not issue any capital stock or other equity interests to any person or entity; and (iv) without the prior consent of the Optionee, such consent not to be unreasonably withheld, the Grantors, in their capacities as directors of the Cowlitz, shall not declare a dividend on the Shares. With respect to clause (iv), Optionee agreed to consent to the declaration and payment of dividends in the amount necessary for Grantors to pay their federal income taxes in connection with Cowlitz's allocations of income to Grantors. The Cowlitz Option Agreement provides that Grantors or Cowlitz do not represent or warrant that the Optionee is or will become entitled to exercise the Option and acquire the Shares under applicable law, or that the transactions contemplated by the Cowlitz Option Agreement will not cause a violation of applicable law or result in an adverse action by a the WSLCB, or any other governmental authority, and the Optionee agrees to indemnify and hold harmless the Grantors and Cowlitz and its shareholders, officers, directors, employees, representatives and affiliates from any costs, damages, losses, expenses or liabilities incurred in connection with any such adverse action. Upon the Optionee's timely exercise of the Option, and to the extent permitted by the Washington laws and regulations governing marijuana licensees, the Optionee shall deposit the full Purchase Price owed into an escrow account designated by Grantors ("**Escrow**"). Once the purchase price is deposited into Escrow, the parties shall cooperate and use commercially reasonable efforts to promptly prepare and submit to the WSLCB the Change in Governing Persons form and other documentation requested by the WSLCB. If for any reason attributed solely to the Optionee (i.e. Optionee fails criminal background check, Optionee makes a material misrepresentation to the WSLCB, etc.), the WSLCB makes the final decision to reject the transaction, then upon receipt of notice of the rejection from either Party, the escrow agent shall return all but US\$10,000 of the purchase price to the Optionee, and that US\$10,000 shall be paid to Grantors and shall be deemed fully earned non-refundable for any reason. The Cowlitz Option Agreement is construed and enforced in accordance with the internal laws of the State of Washington. Currently, Washington State regulations provide that no equity interest in a corporation holding a marijuana processor license may be issued to a person who has not lawfully resided in the state of Washington, or to a corporation formed under the laws of Washington in which all of the members thereof are qualified to obtain a license (i.e. Washington residents), for at least six months prior to applying to receive a license. As such, the Cowlitz Option Agreement is not currently eligible to be exercised by GSB.

On the same date as the IP Agreement, May 17, 2018, GSB entered into a Lease Purchase, Assignment and Assumption Agreement (the "**Lease Assignment**") with Svenson & Svenson Liquidators, Inc., as assignor, and GSB, as assignee. Under the Lease Assignment as of May 17, 2018, GSB assumed any and all obligations and rights of Svenson & Svenson Liquidators, Inc. under the lease agreement dated October 15, 2014 between the Assignor and Angel Industrial LLC pertaining to 1445 Industrial Way, Building 19B, Longview, Washington, 98632 (the "**Lease**"). The consideration paid by GSB for the assignment of the Lease was US\$500,000. GSB is committed under the Lease for payments totalling US\$559,429 to August 31, 2022. Pursuant to an October 22, 2014 sublease agreement (the "**Sublease Agreement**") GSB is subleasing the premises back to Cowlitz. The amount payable by Cowlitz to GSB under the sublease is US\$25,712 per month. GSB agreed to indemnify and defend Cameron Svenson and Blake Svenson from any liabilities which arise against them in relation to the Lease and the October 22, 2014 guaranty that they entered into as guarantors in relation to the Lease. In relation to this indemnity obligation, GSB deposited US\$60,000 in escrow with the landlord to be held until the termination of the Lease or the release of the Guarantors of all of their guaranty obligations. The Guarantors are allowed to draw from the escrowed funds amounts to satisfy any liabilities that arise against them and any remaining escrow funds as at the termination of the Lease or the release of the Guarantors of all of their guaranty obligations is to be returned to GSB. The Lease Assignment is governed and construed in accordance with laws of the State of Washington.

On February 1, 2019, GSB executed a joint venture agreement with Progressive Herbs, Inc. ("**Progressive**") an Illinois-based agricultural technology company (the "**Progressive JV Agreement**"). Progressive Herbs, Inc., and its affiliate, Aggressively Organic, Inc., are the owners of a proprietary technology for a sustainable, easy-to-use, inexpensive, productive growing system known as Micro Dendritic Pods™ (the "**Progressive IP**"). Pursuant to the Progressive JV Agreement, Progressive and GSB have formed a limited liability joint venture corporation, Capri PHGS LLC, for the purposes of producing, processing, marketing and distributing cannabis, hemp, medicinal and bio pharmaceutical products for consumption worldwide utilizing the Progressive IP. Progressive has executed an exclusive sublicense agreement with Capri (the "**Capri Sublicense**") for the use, reproduction, development, manufacture, commercialization, sublicense and exploitation of the Progressive IP solely in connection with the production, development, manufacture and sale of cannabis, hemp, medicinal and bio pharmaceutical products for

consumption. Progressive and GSB have equal ownership interests in Capri, subject to a 20% overriding interest in favor of GSB until all capital expended by GSB in developing the joint venture has been repaid. Other than set-up costs initially funded by GSB, estimated at USD\$500,000, all operational costs of the joint venture shall be paid equally by Progressive and GSB.

In connection with the establishment of the joint venture with Progressive, on February 4, 2019, GSB provided to Progressive a secured loan in the principal amount of USD\$500,000 (the “**Progressive Loan**”). The Progressive Loan matures on February 4, 2020 and bears interest at 8% per annum, payable on maturity. The Progressive Loan is secured by a general security agreement against all of the real and personal property of Progressive as well as an intellectual property security agreement as against the Progressive IP.

GSB has not completed and is not proposing to complete any significant dispositions.

### ***Trends***

The use of cannabis and its general acceptance, particularly for medical uses, continues to grow in the United States, Canada and internationally, as evidenced by the increasing number of jurisdictions adopting regulations to govern its use. However, it is not legal at the federal level in the United States and Canada just recently had the coming into force and effect on October 17, 2018 of its legalization law and regulations, with considerable regulatory rules and procedures remaining to be completed. CBD, in particular has garnered recent attention for efficacy in a variety of products, most notably, for the treatment of rare epileptic related disorders in children, however, the legal status of CBD in the United States at a federal level is also tied to cannabis generally. CBD has also been cited for benefits in the treatment of schizophrenia, some forms of cancer, type 1 diabetes, Alzheimer’s, post-traumatic stress disorder, pain and inflammation, anxiety, addictions, mood symptoms, insomnia and acne. A recent trend includes use of CBD in the beauty products industry. Evidence of the benefits appears to be primarily anecdotal, however, an increasing number of studies and trials are being conducted to test the efficacy of CBD, particularly internationally. There are also an increasing number of delivery methods including vaporizers, oils, sprays, creams, capsules and microencapsulation (a process for putting CBD into tiny capsules to make it more readily absorbed by the body). As demand increases we can expect to see a number of technological advances.

The safety of CBD and cannabis related products will remain of paramount importance and will continue to be a focus for consumers and regulators alike. Regulation of the industry is expected to increase. The United States Attorney General’s office is publicly strongly opposed to the use of cannabis in any form, and has taken active steps to try and disrupt the pace at which the cannabis industry is growing. Despite these challenges and a general lack of access to banking, the cannabis industry has so far enjoyed access to capital markets. The situation is constantly evolving and there is a great degree of uncertainty over how matters will be settled, however, it is likely that the US states that have legalized cannabis will fight any prohibition on its use as they are receiving significant amounts of tax revenue from the sale of cannabis. See “*Narrative Description of the Business – Regulatory Considerations*” and “*Risk Factors*”.

## **4. NARRATIVE DESCRIPTION OF THE BUSINESS**

### ***General Business of Bethpage***

Bethpage has no operations, no assets other than cash, prepaid expenses and deposits and other receivables and currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Merger Agreement. Until completion of the Proposed Transaction, Bethpage will not carry on business other than the due diligence required to pursue the closing of the Proposed Transaction.

### ***General Business of the Resulting Issuer***

#### **Overview**

The Resulting Issuer, through GSB, will be the owner of the property leases, brands and intellectual property of, and is the primary financial and marketing administrator of, Cowlitz County Cannabis Cultivation Inc. (“**Cowlitz**”), a

licensed cannabis producer and processor located in Washington State. Cowlitz is a leading producer, marketer and vendor in the Washington State recreational cannabis market. Known for sourcing high-quality cannabis sold at affordable prices to a broad and established consumer base, Cowlitz's portfolio of branded products is available at approximately 20% of cannabis retailers throughout Washington State. Cowlitz is a top five producer and processor of cannabis in Washington and is the largest independent buyer of dried flower, producing over 200,000 pre-rolls monthly. Currently, Cowlitz produces flower, dabs, pre-rolls, a full spectrum of cannabinoid powder, and infused joints under licensed brand categories: "*Dab Dudes*" – affordably priced vape cartridges, BHO waxes and crystalline, "*Hi Guys*" – the 'working man's weed', including flower, joints and BHO, and "*Cowlitz Gold*" – premium flower, joints, BHO and vape cartridges.

The Resulting Issuer will seek to identify additional opportunities that meet its investment criteria and will either deploy revenue into future projects or seek to raise additional capital, through equity financings or otherwise, to make such investments. In certain circumstances, and as applicable laws and regulations allow, the Resulting Issuer may pursue business opportunities in other value chain segments of the cannabis industry, such as operating a dispensary or participating in cannabis cultivation.

### ***Business Objectives, Available Funds and Principal Purposes***

#### **Business Objectives**

The Resulting Issuer will focus on the support of Cowlitz in order to grow its operations and profitability. The Resulting Issuer's immediate short-term objectives are to:

- (a) Obtain a business office in Washington State,
- (b) Continue management support to Cowlitz to assist its growth as a cannabis producer, processor and retailer; and
- (c) Seek and negotiate new intellectual property licensing arrangements with vertically integrated companies active in the Washington cannabis industry.

The Resulting Issuer's long-term objectives will be to:

- (a) Engage in negotiations with other cannabis producers, processors and retailers for the purposes of possible acquisitions or joint ventures;
- (b) Acquire additional intellectual property for licensing;
- (c) Pursue accretive additional strategic acquisitions and partnerships; and
- (d) Generate additional cash flow.

#### **Funds Available**

The following table sets forth the estimated funds (based upon total current assets less total current liabilities) available to the Resulting Issuer following completion of the Proposed Transaction, as at April 30, 2019. See also *Appendix F – "Pro Forma Financial Statements"*.



<b>Source of Funds</b>	<b>Available Funds on Completion of the Transaction as at April 30, 2019 (CDN\$)</b>
Estimated working capital of GSB	\$2,200,000
Gross proceeds from the exercise of GSB warrants <sup>(1)</sup>	\$3,339,999
Bethpage working capital	(\$150,000)
Estimated expenses and costs relating to the Proposed Transaction	(\$150,000)
<b>Total Funds Available</b>	<b>\$5,239,999</b>

(1) assumes exercise of all share purchase warrants with an exercise price of \$0.10 per share (deemed to be “in the money”). If such warrants are not exercised, funds available will total \$1,900,000

It is a condition of the Merger Agreement that the Resulting Issuer has sufficient capital to meeting the listing requirements of the CSE.

### **Principal Purposes of Funds**

The following table sets forth the proposed use of the available funds by the Resulting Issuer for the 12 months following completion of the Proposed Transaction:

<b>Description</b>	<b>Amount (CDN\$)</b>
General and administrative costs for the next twelve months (rent, utilities, insurance, internet/website, payroll and health benefits) <sup>(1)</sup>	\$1,013,760
Acquisitions/joint ventures <sup>(2)</sup>	\$2,500,000
Unallocated working capital	\$1,726,239
<b>Total</b>	<b>\$5,239,999</b>

### **Notes:**

- (1) Includes estimated: (i) employment and consulting fees of US\$35,000 per month; (ii) legal fees of \$5,000 per month; (iii) audit and accounting fees of \$5,000 per month; (iv) travel expenses of \$5,000 per month; (iv) marketing, internet and general consulting fees of \$5,000 per month; and (v) lease payment of USD\$13,000 per month.
- (2) The Resulting Issuer will be seeking new acquisitions and joint ventures in the cannabis industry in jurisdictions where such activities are allowable.
- (3) As per the Funds Available table above, if the \$0.10 warrants are not exercised as anticipated, the Resulting Issuer will have an estimated \$1,900,000 of working capital available for expenditures. The reduction will be realized in the proposed acquisitions/joint venture budget, reducing such budget to \$886,240.

As at Closing, the Resulting Issuer will have sufficient funds on hand to cover its basic operations for the next 12 months, however it may need to raise additional funds to complete the activities outlined above. The Resulting Issuer will need to generate additional funds from a combination of revenues and raising additional funds to cover the above noted operating expenses and business expenditures for the next 12 months. The Resulting Issuer expects to raise the additional funds through the issuance of Resulting Issuer securities by way of a brokered or non-brokered private placements.

The above uses of available funds are estimates only. Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult at this time to definitively project the total funds necessary to execute the planned undertakings of the Resulting Issuer. For these reasons, management considers it to be in the best interests of the Resulting Issuer and its shareholders to permit management a reasonable degree of flexibility as to how the Resulting Issuer's funds are employed among the above uses or for other purposes, as the need may arise.

### ***Asset-Backed Securities***

The Corporation does not have any asset-backed securities.

### ***Market Information, Trends, Commitments, Events and Uncertainties***

The most significant trends and uncertainties which management expects could impact its business and financial condition are (i) the changing legal and regulatory regime which regulates the production and sale of cannabis and cannabis related product; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis related products to adequately track and legally transfer such funds; and (iii) the ability of companies to raise adequate capital to carry out their business objectives. See Section 17 - *Risk Factors*.

### ***Legal and Regulatory Trends***

The Resulting Issuer's principal operations are currently in Washington State and currently management expects the legal and regulatory regimes in the United States (on a federal level), Washington State, and Canada to be the most relevant to its business.

### ***United States***

In the United States, twenty-nine states and Washington D.C. have legalized medical marijuana, while eight states and Washington, D.C. have also legalized recreational marijuana. Although cannabis currently remains a Schedule I drug under federal law, the U.S. Department of Justice issued a memorandum, known as the "Cole Memorandum", on August 29, 2013 to the U.S. Attorneys' offices (federal prosecutors) directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational cannabis programs should not be a prosecutorial priority for violations of federal law. This federal policy was reinforced by passage of a 2015 federal budget bill amendment (passed in 2014) known as the Rohrabacher-Farr Amendment that prohibits the use of federal funds to interfere in the implementation of state medical marijuana laws. This bill targets Department of Justice funding, which encompasses the Drug Enforcement Agency and Offices of the United States Attorneys. This bill shows the development of bi-partisan support in the U.S. Congress for legalizing the use of cannabis. It is anticipated that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum. Given that the Cole Memorandum was never legally binding, the U.S. Department of Justice continues to have discretion to enforce federal drug laws.

Under U.S. federal law it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from marijuana sales or the sale of any other Schedule I substance. Canadian banks are also hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Despite these laws, the U.S. Treasury Department issued a memorandum in February of 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal law. Under these guidelines, financial institutions must submit a "suspicious activity report" (SAR) as required by 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 marijuana business follows state law, is operating out of compliance with state law, or where the banking relationship has been terminated. In the U.S., a bill has been 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 both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape.

Political and regulatory risks also exist due to the presidential administration of Donald Trump as his positions regarding marijuana are difficult to discern. It remains unclear what stance the U.S. Department of Justice under the current administration might take toward legalization efforts in U.S. states, but federal enforcement of the CSA and other applicable laws is possible. In July of 2017, then Attorney General Jeff Sessions sent letters to the Governors of Colorado, Washington, Alaska, and Oregon responding to their April 2017 request to retain the Cole Memorandum and engage with the Governors before embarking on any changes to regulatory and enforcement systems. In these response letters, AG Sessions noted that the Cole Memorandum does not prevent federal investigations or prosecutions of cannabis businesses acting in compliance with state law and cited law enforcement data sources to cast doubt on the effectiveness of state regulation to prevent unauthorized sales, black market activity, and negative public health outcomes. The Governors of Alaska and Washington have since then publicly pushed back on Attorney General Sessions' claims stating that the data sources used in his letter are outdated and incomplete.

On June 7, 2018, Senators Elizabeth Warren and Cory Gardner introduced a bipartisan Senate bill titled the "Strengthening the Tenth Amendment Through Entrusting States (STATES) Act." (the "**States Act**"). The States Act is intended to safeguard the rights of those states, territories, and tribes that have permitted and/or decriminalized marijuana to develop their own approaches to marijuana enforcement. Specifically, the States Act would ensure that each state has the right to self-determination with respect to deciding the best approach toward marijuana within its borders, and would extend these protections to Washington D.C., United States territories, and federally recognized tribes. The States Act would include safeguards to ensure that the states, territories, and tribes regulate marijuana that in a way that would be safe and respect the potential impacts on their neighbors. As of the date of this Listing Statement, the States Act has a total of ten co-sponsors in the Senate, with equal sponsorship from both Democrats and Republicans. However, the States Act has not passed, and there is no indication or assurance when or if it will pass at all.

### **Washington State**

On October 16, 2017, the Canadian Securities Administrators published Staff Notice 51-352 *Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**") which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

As a result of the Resulting Issuer's investments in certain United States entities (as described herein), the Resulting Issuer is subject to Staff Notice 51-352 and accordingly provides the following disclosure:

The Issuer operates in the United States as more specifically described below:

State	Company	Type of Investment	Investment Amount
Washington	Cowlitz County Cannabis Cultivation Inc.	Lease Purchase Agreement	US\$500,000
		Intellectual Property Purchase Agreement	US\$3,000,000
		Cowlitz Option Agreement	US\$50,000 <sup>(1)</sup>

#### Notes

- (1) If the Resulting Issuer exercises the option to purchase all of the outstanding shares of Cowlitz this is the amount payable as consideration therefor.

In accordance with Staff Notice 51-352, below is a table of concordance that is intended to assist readers in

identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
<b>All Issuers with U.S. Marijuana-Related Activities</b>	Describe the nature of the issuer’s involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	p. 23 General Business of the Resulting Issuer p. 27 Washington State
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	p. 65 Risk Factors Specifically Related to the United States Regulatory System - <i>Some of the Resulting Issuer’s planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law</i>
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	p. 65 Risk Factors Specifically Related to the United States Regulatory System - <i>Some of the Resulting Issuer’s planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law</i>
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer’s ability to operate in the U.S.	p. 59 Risk Factors – <i>Nature of the Business Model</i>
	Given the illegality of marijuana under U.S. federal law, discuss the issuer’s ability to access both public and private capital and indicate what financing options are/are not available in order to support continuing operations.	p. 66 Risk Factors Specifically Related to the United States Regulatory System - <i>Regulatory scrutiny of the Resulting Issuer’s industry may negatively impact its ability to raise additional capital.</i>
	Quantify the issuer’s balance sheet and operating statement exposure to U.S. marijuana-related activities.	p. 34 Financial Transactions
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	p. 31 Compliance with Applicable State Law in the United States
<b>U.S. Marijuana Issuers with direct involvement in cultivation or distribution</b>	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	p. 29 Summary of Washington Regulations

	<p>Discuss the issuer’s program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer’s licence, business activities or operations.</p>	<p>p. 31 Compliance with Applicable State Law in the United States</p>
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The following is an analysis of market and regulatory conditions for the marijuana industry in Washington State, in which Cowlitz has a substantial operating presence.

**Summary of Washington Regulations**

Washington has authorized the cultivation, possession, processing, wholesaling, and retail sale of marijuana by certain licensed Washington businesses. The Washington State Liquor and Cannabis Board (“**WSLCB**”) regulates Washington’s marijuana regulatory program. Cowlitz is advised by legal counsel and/or other advisors in connection with Washington’s marijuana regulatory program. Cowlitz only engages in transactions with Washington marijuana businesses that hold licenses that are in good standing and in compliance with Washington’s marijuana regulatory program. To the extent required by Washington’s marijuana regulatory program, Cowlitz has fully disclosed and/or registered its and/or its subsidiaries relationships with Washington marijuana businesses. Cowlitz and the business licensees contracting with Cowlitz are in substantial compliance with Washington’s marijuana regulatory program.

**(i) Application and Licensing**

Every individual with an ownership or direct or indirect equity interest, with a right to receive a percentage of gross or net profits, or who exercises control over a licensed marijuana operator must apply for licensing with the WSLCB and be approved. Each applicant must be over 21 years of age and must have been a Washington resident for at least six months. An applicant must provide the WSLCB with the applicant’s organizational and operational documents, including the entity’s operating agreement and a detailed operating plan, in order to verify that the proposed business meets the minimum requirements for licensing.

An applicant must provide the WSLCB the applicant’s financial statements to verify the source of funds for the business, including any acquisition agreements and any agreements for the development of an operating marijuana business, as well as financial documents verifying the source of funds for all purchases of and material changes to the business. An applicant must disclose any financiers which are providing funds to be used by the marijuana business, and such financiers, except banks and other financial institutions, are subject to a substantially similar application process through the WSCLB.

An applicant must provide the WSLCB the applicant’s and the applicant’s spouse’s personal and criminal history, including fingerprints for the submission of a criminal records background check with the Washington State Patrol and the U.S. Federal Bureau of Investigation. Conviction for certain serious crimes, or over a certain amount of convictions for more minor crimes, may disqualify an applicant from holding a marijuana license.

Any change in the initial ownership of a cannabis entity must receive prior approval through the WSLCB, and undergoes a review of the same rigor and breadth as an initial application.

**(ii) Operations**

An applicant must provide an operational plan that includes a detailed description of all applicable areas of: security; traceability; employee qualifications and training; transportation of product including packaging for

transportation; destruction of waste product; description of growing operation including growing media, size of grow space allocated for plant production, space allocated for any other business activity, description of all equipment used in the production process, and a list of soil amendments, fertilizers, other crop production aids, or pesticides, utilized in the production process; description of the types of products to be processed with a complete description of all equipment including all marijuana-infused edible processing facility equipment and solvents, gases, chemicals and other compounds used to create extracts and for processing of marijuana-infused products; testing procedures and protocols; employee compensation and benefits data; description of packaging and labeling of products; and the array of products that are to be sold and how are the products to be displayed to consumers.

Any significant change in the operational plan (e.g. adding volatiles processing capabilities, expanding the floorplan of the marijuana business, etc.) of a licensed cannabis entity must receive prior approval through the WSLCB, and undergoes a review of the same rigor and breadth as an initial application.

### **(iii) Inspections**

The WSLCB sends an enforcement officer to inspect each proposed marijuana facility prior to granting approval to be authorized to begin cultivation, processing, or dispensing. Licensed operators must permit WSLCB enforcement officers to inspect the premises, vehicles, records, and marijuana products at any time, and random inspections are conducted frequently by enforcement officers.

### **(iv) Security Requirements**

The WSLCB requires all licensed operators, employees, and non-employee visitors other than retail customers to display an identification badge at all times on the premises. Each licensed operator must keep a log of all visitors other than retail customers to the premises. All premises must have a security alarm system on all perimeter entry points and perimeter windows. All premises must have a complete video surveillance system with minimum required camera resolution and a surveillance system storage device or internet protocol storage compatibility that: (a) records continuously for 24 hour per day, (b) has cameras in fixed places that allow for the clear identification of persons and activities in the controlled areas of the premises, including grow rooms, processing rooms, storage rooms, disposal rooms/areas and point of sale rooms, (c) has the capability of recording clear images and displays the time and date of the recording, and (d) demonstrates a plan for retention of recordings for at least 45 days; and (e) provides outdoor lighting for outdoor cultivation.

### **(v) Traceability and Inventory Tracking**

Washington State requires use of a seed-to-sale tracking system.. Licensed operators must use an inventory control system that identifies and tracks the plant from the time it reaches a height of six inches through harvest, processing, packaging, wholesale, and retail sale. Licensed operators must also manifest and quarantine all marijuana to be delivered to another licensed operator or destroyed as waste for a period of at least 24 hours in order to allow for inspection by WSLCB enforcement officers. Vehicles transporting marijuana must have: (i) a vehicle security system, including separate, secure, locking compartment to store any marijuana product; and (ii) a transportation manifest reported through the seed-to-sale tracking system, including (a) the departure time, (b) name, location, address and license number of the originating licensed operator, (c) quantity and form of product to be delivered, (d) estimated time of arrival, and (e) name of the employee and identification of the vehicle delivering the product. Licensed operators must retain traceability records for three years and make records available upon request for inspection by the WSLCB or other law enforcement.

The WSLCB currently has in place a contingency traceability plan that requires licensed operators to report all changes in traceability records weekly. On February 1, 2018, Washington transitioned to a new online traceability reporting system using MJ Platform's Leaf Database System. Licensed operators provide all traceability records to the WSLCB at the time of transition.

**(vi) Pricing and Prohibited Practices**

Marijuana products must be sold at a price indicative of true value. Licensed retailers may not sell marijuana products below the wholesale acquisition price of the product. Licensed marijuana producers and processors are prohibited from offering conditional sales, discounts, loans, rebates, free products, or any agreement that causes undue influence over another licensed operator. However, licensed producers and processors are allowed to provide licensed retailers certain promotional items of nominal value such as hats, mugs, etc.

**(vii) Testing**

The WSLCB requires quality assurance testing for of each lot of final marijuana product be conducted by an independent, state certified, third-party testing laboratory with a statistically significant number of samples using acceptable methodologies to ensure that all lots manufactured of each marijuana product are adequately assessed for contaminants and the cannabinoid profile is correctly labeled for consumers. The quality assurance tests required for marijuana flowers and infused products currently include moisture content, potency analysis, foreign matter inspection, microbiological screening, and residual solvent levels.

The results of the inspection and testing are submitted to the WSLCB through the traceability system. In conjunction with the Washington State Department of Agriculture, the WSLCB conducts random screening for pesticide residues. A lot of cannabis product may not move forward in processing, delivery, or sale without a passing test for that lot reported by the independent lab itself into the traceability system. All test results are required to be provided to retailers and/or end consumers upon request.

**(viii) Packaging and Labelling**

Each package containing marijuana or a marijuana product must have affixed a label including required warnings for all marijuana products and for the specific product type. The label must also include identifying information for the producer and retailer of the marijuana product. Each edible marijuana-infused product must be packaged in child-safe packaging and contain under 10 mg of active THC per serving. Licensed marijuana retailers must make testing results available to the customer upon request.

**(ix) Advertising**

The WSLCB restricts advertising by all marijuana operators. Advertising in any form is prohibited within 1,000 feet of school grounds, playgrounds, recreation centers or facilities, child care centers, public parks, libraries, or game arcades with unrestricted admission. Advertising is also prohibited on public transit vehicles or transit shelters, and on any publicly owned or operated property. Advertising visible from a public roadway may only contain the name, location, and nature of the business. No advertising may target youth or use objects likely to be appealing to youth. All advertising, including digital advertising, must include required warnings prescribed by regulation.

**Compliance with Applicable State Law in the United States**

Cowlitz has a business relationship with the Resulting Issuer and Cowlitz conducts all of its operations in compliance with applicable U.S. state licensing requirements as follows: (1) it is licensed pursuant to applicable Washington State law to cultivate, possess, and/or distribute marijuana in Washington State; (2) renewal dates for such license is docketed by legal counsel and/or other advisors; (3) internal audits of Cowlitz's business activities are conducted by the applicable state regulator and by the Resulting Issuer to ensure compliance with Washington State law; (4) each employee is provided with an employee handbook that outlines internal standard operating procedures in connection the cultivation, possession, and distribution of marijuana to ensure that all marijuana inventory and proceeds from the sale of such marijuana are properly accounted for and tracked and using scanners to confirm each customer's legal age and the validity of each customer's drivers' license; (5) each room that marijuana inventory and/or proceeds from the sale of such inventory enter is monitored by video

surveillance; (6) software is used to track marijuana inventory from seed to sale; and (7) Cowlitz is contractually obligated to the Resulting Issuer to comply with Washington State law and the laws of the United States applicable therein in connection with the cultivation, possession, and/or distribution of marijuana.

The Resulting Issuer's United States legal counsel reviews, from time to time, the licenses and documents referenced above in order to confirm such information and identify any deficiencies. To the knowledge of the Resulting Issuer, no licensee has experienced any material non-compliance that would endanger the status of any license.

### **Cole Memorandum and Continued Review of Changes in Law**

Aside from complying with applicable Washington State law, Cowlitz takes the following steps to ensure its marijuana operations are conducted in a manner consistent with the United States federal enforcement priorities articulated in the memorandum dated August 29, 2013, and later rescinded on January 4, 2018, addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States, and having the subject line "Guidance Regarding Marijuana Enforcement" (the "Cole Memorandum"). Pursuant to the Cole Memorandum, such enforcement priorities are to: (1) prevent the distribution of marijuana to minors by using scanners to confirm each customer's legal age and the validity of each customer's driver's license; (2) prevent revenue from marijuana from going to criminal enterprises, gangs, and cartels by conducting background checks on each owner of a licensee, employee, and/or prospective employee and by ensuring that all marijuana inventory and proceeds from the sale of such marijuana are properly accounted for and tracked; (3) prevent the diversion of marijuana from states where it is legal under state law in some form to other states by only dispensing marijuana through licensed dispensaries located in states where marijuana is legal under state law in some form and not dispensing any quantity of marijuana to a customer in excess of the legal limits under applicable state law (e.g. 2 ounces); (4) prevent state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity by prohibiting the sale of any inventory other than marijuana inventory and accessories; (5) prevent violence and the use of firearms in the cultivation and distribution of marijuana by ensuring that each room that marijuana inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance, prohibiting employees from bringing firearms on the premises, and ensuring that safes are used to store large amounts of proceeds from the sale of marijuana inventory; (6) prevent drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use by prohibiting the consumption of marijuana on the premises, prohibiting the usage of harmful pesticides on marijuana inventory and testing marijuana inventory to confirm a lack of harmful pesticides and ideal cannabinoid levels; (7) prevent the growing of marijuana on federal lands and the attendant public safety and environmental dangers posed by unregulated marijuana production on federal lands by only cultivating, possessing, or dispensing marijuana on private property with all requisite licenses and permits to cultivate, possess, and/or distribute marijuana on such private property; and (8) prevent marijuana possession or use on federal property by only cultivating, possessing, and dispensing marijuana on private property with all requisite licenses and permits to cultivate, possess and/or distribute marijuana on such private property.

In light of the recent rescission of the Cole Memorandum, Senators Elizabeth Warren and Cory Gardner introduced a bipartisan bill essentially meant to serve as a legally-binding version of the Cole Memorandum, if passed. The States Act would protect the rights of each state, federally recognized tribe, and United States territory to decide for itself what the best approach to marijuana would be within its borders. Specifically, the States Act would: (1) amend the Controlled Substances Act (21 U.S. C. §801 et seq) ("CSA") so that the CSA provisions would cease to apply to any person acting in compliance with state or tribal laws related to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marijuana, so long as the respective states and tribes comply with certain basic protections; (2) amend the definition of "marihuana" under the CSA (21 U.S.C. §802(16)) to exclude industrial hemp, as such term is defined in section 7606(b) of the Agricultural Act of 2014 (7 U.S.C. §5940(b)); (3) maintain the prohibition on employing persons under the age of 18 in marijuana operations, and continue to prohibit the endangerment of human life while manufacturing a controlled substance, which are two federal requirements of CSA Section 417; (4) prohibit the distribution of marijuana at transportation safety facilities such as rest areas and truck stops; (5) maintain the prohibition under the CSA on distribution or sale of marijuana to persons under the age of 21, other than for medical purposes; and (6) state that those transactions that are compliant would not constitute trafficking, and would not result in proceeds of



an unlawful transaction. The States Act has not been passed, and there can be no assurance that it will be passed in its current form, or at all.

**On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum.**

The Resulting Issuer's United States legal counsel reviews, from time to time, Cowlitz's procedures with respect to the Cole Memorandum in order to confirm if its operations are conducted in a manner consistent with the guidelines noted Cole Memorandum. Despite the rescission of the Cole Memorandum, the U.S. Department of Justice continues to have discretion to enforce federal drug laws, which discretion remained when the Cole Memorandum was originally issued in 2013.

**Ability to Access Public and Private Capital**

GSB has historically, and continues to have, access to equity and debt financing from the prospectus exempt (private placement) markets in Canada. GSB's executive team and board also have extensive relationships with sources of private capital (such as funds and high net worth individuals), that could be investigated at a higher cost of capital. GSB's executive team and board also have extensive relationships that afford access to equity and debt financing from public markets in Canada.

If such equity and/or debt financing was no longer available in the public markets in Canada due to changes in applicable law, then the Resulting Issuer expects that it would have to raise equity and/or debt financing privately.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Issuer's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Resulting Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See Section 17 – *Risk Factors*.

**Canada**

On August 24, 2016, the ACMPR Access to Cannabis for Medical Purposes Regulations (“**ACMPR**”) came into force to allow for reasonable access to cannabis for medical purposes for Canadians who have been authorized to use cannabis by their health care practitioner. The ACMPR replaced the Marihuana for Medical Purposes Regulations (“**MMPR**”), introduced in June 2013, which replaced the Marihuana Medical Access Regulations (“**MMAR**”) which was implemented in 2001. MMPR and MMAR were both legislative schemes that were important early steps in the Canadian government's legislative path towards legalizing and regulating medical marijuana.

The ACMPR regulates the production and distribution of medical cannabis, demonstrating Health Canada's commitment to improving the regulatory landscape surrounding medical marijuana use, in addition to ensuring that production occurs under secure and regulated commercial production facilities. Under the ACMPR, Canadians who have been authorized by their health care practitioner will continue to have the option of purchasing safe, quality-controlled cannabis from one of the 132 cultivators and producers licensed by Health Canada as of October 26, 2018, and now will also be able to produce a limited amount of cannabis for their own medical purposes, or designate someone to produce it for them.

On April 13, 2017, the Canadian Government introduced the *Cannabis Act* to legalize and regulate the use of cannabis for recreational purposes. The *Cannabis Act* came into effect on October 17, 2018. Under the legislation, the production, sale and possession of certain amounts of cannabis is legal federally, though provinces ultimately decide how cannabis is to be distributed and sold within their boundaries, subject to federal requirements. The

Cannabis Act has created a highly regulated landscape for businesses looking to produce, distribute or deal in cannabis products. However, the Cannabis Act does not address in detail a number of key issues, including relating to labelling, marketing, transition, licensing requirements and taxes. These will need to be addressed by the Canadian Government in regulations and rules over the next year or more, and the Canadian Government will also need to work out issues with the provinces and municipalities.

As the cannabis industry expands in Canada, cannabis-related businesses will increasingly seek banking and financial services from Canadian financial institutions. However, cannabis-related businesses would likely be considered high-risk clients under the Canadian anti-money laundering regime. Accordingly, opening and maintaining accounts for cannabis-related businesses will require substantial resources and diligence on the part of financial institutions, especially in light of the obligation imposed on financial institutions under anti-money laundering legislation to engage in ongoing monitoring of clients and their activities.

Despite the heightened risk of banking cannabis-related businesses, the current legal landscape for medicinal cannabis, and the regulatory framework for legalized recreational cannabis provide financial institutions with various controls to monitor and legitimately bank cannabis-related clients. For instance, the current licensing regime for medicinal cannabis producers is comprehensive and requires that the Canadian Government complete extensive reviews and background checks on each licensed producer. A similarly comprehensive licensing regime is imposed under the new legislation legalizing recreational cannabis. Financial institutions can rely on the government's stringent vetting process to confirm the legitimacy of a cannabis producer when on-boarding a client. The decision to open, close or refuse any particular cannabis-related account will ultimately be made by each financial institution based on a number of factors specific to that institution. However, the regulatory regime for medicinal cannabis and the framework for legalized recreational cannabis in Canada provide financial institutions with the means to legitimately bank cannabis-related clients in a lawful way, meeting the growing financial needs of the cannabis industry in Canada.

Health Canada data shows that 342,103 patients in Canada were registered to use medical marijuana by the end of September 2018, establishing a market worth in excess of \$175 million. By 2024, Health Canada estimates that the number of patients using medical marijuana will grow to 450,000, creating a market worth an estimated \$1.3 billion<sup>4</sup>.

### ***Financial Transactions***

Certain financial institutions in Canada and the U.S. will not allow companies who generate funds from the sale of cannabis and cannabis related products to open bank accounts or process the transfer of funds from the sale of cannabis.

Specifically, the federal illegality of marijuana in the U.S. means that financial transactions involving proceeds generated by marijuana-related conduct can form the basis for prosecution under the money laundering statutes (18 U.S.C. § 1956 and 1957), the unlicensed money transmitter statute (18 U.S.C. § 1960), and the Bank Secrecy Act (the “BSA”). Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from marijuana-related businesses in the U.S. must do so in compliance with the “Cole Financial Crime Memo” and the “**FinCEN Memo**,” each dated February 14th, 2014. The Cole Financial Crime Memo states that prosecutors should 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. The FinCen Memo provides guidelines to banks on how to accept deposits from marijuana-related businesses while remaining compliant with the BSA. The Financial Crime Enforcement Network has not rescinded the FinCEN Memo following the U.S. Department of Justice's January 4, 2018 announcement rescinding the Cole Memorandum. Currently, Cowlitz expects to be able to transfer any funds owed to the Resulting Issuer into bank accounts held by the Resulting Issuer outside of the United States. However, given the regulatory uncertainty with respect to banking and cannabis in the United States, such

<sup>4</sup> <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/licensed-producers/market-data.html>

ability to transfer may be eliminated and/or hampered at any time. In the foreseeable future, the Resulting Issuer expects any amounts payable by Cowlitz to the Resulting Issuer if not transferable outside of the United States to be deployed in other investments in the United States. The Resulting Issuer expects to fund its operations through the cash flow provided from the Cowlitz License Agreement with Cowlitz. The Resulting Issuer may also consider future debt or equity financings.

### ***Competitive Conditions and Environment***

Financing for companies in the cannabis sector is more difficult than other sectors, particularly in the United States, due to the fact that cannabis is still classified as a Schedule I drug and illegal at a Federal level. The changing regulatory environment at a state level further complicates financing for companies in this sector.

The fast growing market for legalized cannabis in both Canada and the U.S. has created a competitive environment for cannabis producers as well as other types of companies who provide goods and services to the cannabis industry. However, there remains a significant lack of traditional sources of bank lending and equity capital available to fund the operations of companies in the cannabis sector. Management believes that the Resulting Issuer can continue to expand its cannabis-related holdings by providing tailored, state law compliant, and financially attractive sources of funding and/or equity investment to cannabis and cannabis-connected companies. Because of the rapid growth of the cannabis industry, the Resulting Issuer faces competition from other companies in the sector who are accessing the equity capital markets.

In addition, the Resulting Issuer, along with its United States legal counsel and other professional advisors, regularly monitor the activities of the Trump Administration for evidence and/or indications of current or anticipated cannabis policy and guidance, and the Issuer governs its actions accordingly.

## **5. SELECTED FINANCIAL INFORMATION**

### ***Bethpage Selected Financial Information***

The following table sets forth selected financial information for Bethpage as at and for the financial years ended December 31, 2018, 2017 and 2016. Such information is derived from and should be read in conjunction with the audited financial statement and notes thereto of Bethpage as at and for the years ended December 31, 2018, 2017 and 2016, attached as *Appendix B* hereto.

Bethpage's selected annual information, including net loss, loss per share, total assets and total long term financial liabilities for the years ended December 31, 2018 and 2017 are as follows:

	<b>December 31, 2018 (audited) (\$)</b>	<b>December 31, 2017 (audited) (\$)</b>	<b>December 31, 2016 (audited) (\$)</b>
Revenue	Nil	Nil	Nil
Comprehensive Loss	(148,293)	(51,795)	(55,972)
Based and diluted net loss per share	(0.02)	(0.01)	(0.01)
Total Assets	7,438	30,265	34,901
Total Liabilities	132,082	6,616	6,396
Shareholders' Equity (Deficit)	(124,644)	23,649	28,505

For the year ended December 31, 2018, Bethpage reported no discontinued operations, no changes in accounting policy and declared no cash dividends.

### **Quarterly Highlights**

The following table summarizes Bethpage's key financial information for the last eight quarters.

	Gross Revenue	Net Loss (\$)	Loss per Share	
			Basic	Diluted
Q4 ended December 31, 2018	N/A	(86,764)	(\$0.01)	(\$0)
Q3 ended September 30, 2018	N/A	(40,399)	(\$0)	(\$0)
Q2 ended June 30, 2018	N/A	(8,472)	(\$0)	(\$0)
Q1 ended March 31, 2018	N/A	(12,658)	(\$0)	(\$0)
Q4 ended December 31, 2017	N/A	(19,523)	(\$0.01)	(\$0)
Q3 ended September 30, 2017	N/A	(8,750)	(\$0)	(\$0)
Q2 ended June 30, 2017	N/A	(14,561)	(\$0)	(\$0)
Q1 ended March 31, 2017	N/A	(8,961)	(\$0)	(\$0)

### ***GSB Selected Financial Information***

The following table sets forth selected financial information for GSB as at and for the six month period ended February 28, 2019, and the financial period ended August 31, 2018. Such information is derived from and should be read in conjunction with the unaudited financial statements and the notes thereto of GSB for the six month period ended February 28, 2019, and the audited financial statement and notes thereto of GSB as at and for the six month period ended February 28, 2019 which are attached as Schedule "A" hereto:

	February 28, 2019 (unaudited) (\$)	Period ended August 31, 2018 (\$)
Revenue	417,913	236,430
Operating expenses	1,723,249	1,608,391
Comprehensive loss	(796,024)	(4,624,840)
Loss per share	(0.02)	(0.18)
Total assets	6,896,565	7,067,113
Total liabilities	3,365,037	3,548,999
Shareholders' Equity	3,531,528	3,518,114

### ***Dividends***

The Resulting Issuer does not intend, and is not required, to pay any dividends on the Resulting Issuer Shares. Any decision to pay dividends will be made on the basis of the Issuer's earnings, financial requirements and other conditions existing at the time. The Resulting Issuer's ability to pay dividends may be affected by U.S. state and federal regulations. See Section 17 – *Risk Factors*.

### ***Foreign GAAP***

The financial statements included in this Listing Statement have been, and the future financial statements of the Resulting Issuer shall be, prepared in accordance with IFRS.

## **6. MANAGEMENT'S DISCUSSION AND ANALYSIS**

### ***Bethpage***

Bethpage's annual Management Discussion and Analysis ("**MD&A**") for its most recent fiscal year ended December 31, 2018 has been posted and is accessible at [www.sedar.com](http://www.sedar.com). This 2017 annual MD&A is specifically incorporated and forms an integral part of this Listing Statement.

Each of Bethpage's interim Management's Discussion and Analysis ("**MD&A**") for the first quarter ended March 31, 2018, the second quarter ended June 30, 2018 and the third quarter ended September 30, 2018 has been posted and is accessible at [www.sedar.com](http://www.sedar.com). Each MD&A for the said fiscal periods is specifically incorporated into

and forms an integral part of this Listing Statement, and should be read in conjunction with the Bethpage Financial Statements and the notes thereto for the corresponding time periods.

### **GreenStar**

GSB's Management's Discussion and Analysis ("MD&A") for its most recent fiscal period ended August 31, 2018 and for its second quarter ended February 28, 2019 are attached hereto as Appendix "C". Each MD&A for the said fiscal periods is specifically incorporated into and forms an integral part of this Listing Statement, and should be read in conjunction with the GSB Financial Statements and the notes thereto for the corresponding time periods.

## **7. MARKET FOR SECURITIES**

Prior to listing on the CSE, the Bethpage Common Shares are listed and posted for trading on the NEX board of the TSX Venture Exchange under the symbol "BET.H". There is no public market for any securities of GSB. The Resulting Issuer is anticipated to be listed on the CSE under the symbol "GSTR".

## **8. CONSOLIDATED CAPITALIZATION**

The following table sets forth the share capital of the Resulting Issuer as at December 31, 2018 and February 28, 2019 after giving effect to the Proposed Transaction.

<b>Designation of Security</b>	<b>Amount Authorized or to be Authorized</b>	<b>Bethpage Amount Outstanding as of December 31, 2018 (audited)</b>	<b>Amount Outstanding as of February 28, 2019 (after giving effect to the proposed Transaction) (unaudited)</b>
<b>Common Shares</b>	Unlimited	8,900,000 <sup>(1)</sup>	66,972,789
<b>Bethpage Warrants</b>	Nil	Nil	Nil
<b>GSB Performance Warrants</b>	N/A	Nil	4,655,992 <sup>(2)</sup>
<b>GSB Purchase Warrants</b>	N/A	Nil	40,066,490 <sup>(3)</sup>
<b>GSB Finder's Warrants</b>	N/A	Nil	949,369 <sup>(4)</sup>
<b>GSB and Bethpage Options</b>	225,000	225,000 <sup>(5)</sup>	5,813,508 <sup>(6)(7)</sup>
<b>Agent's Units Options</b>	N/A	Nil	445,095 <sup>(8)</sup>
<b>Agent's Warrants</b>	N/A	Nil	222,547 <sup>(9)</sup>
<b>Long-Term Debt</b>	N/A	Nil	Nil

### **Notes:**

- (1) Bethpage Common Shares on a pre-Consolidation basis. GSB was not incorporated as of December 31, 2017.
- (2) On May 18, 2018 GSB issued 4,655,992 performance warrants each exercisable into one common share at an exercise price of \$0.35 at any time for a period of 36 months following their date of vesting, being May 18, 2023. The Resulting Issuer may at its sole discretion pay to an exercising Performance Warrant Holder the difference between the Liquidity Value and the Exercise Price in lieu of issuing Resulting Issuer Shares.

- (3) Issued from March 21, 2018 to May 15, 2019. Expiry dates are from May 10, 2020 to May 15, 2021 and the weighted average exercise price is \$0.20.
- (4) 700,000 GSB Finder Warrants exercisable for one GSB Common Share at a price of \$0.20 on or before 24 months from the date of issue and 249,369 exercisable for one GSB Common Share at a price of \$0.35 on or before 24 months from the date of issue.
- (5) Issued under the Bethpage Option Plan, pre-Consolidation. These options have an exercise price of \$0.15 per share expire on June 21, 2022.
- (6) Including the 2 for 1 consolidation of the existing 225,000 Bethpage Options exercisable at \$0.15, \$0.30 post-Consolidation, and conversion of all of the 4,700,008 GSB Options that were outstanding as at the date of the Closing of the Proposed Transaction. 4,000,000 GSB Options have an exercise price of \$0.20 per option, with an expiry date of May 30, 2028 and vesting as to fifty percent on May 30, 2018 and as to fifty percent on May 30, 2019 (2,000,000 of these GSB Options have vested as of the date of this Listing Statement), 700,008 GSB Options have an exercise price of \$0.35 per option with an expiry date of January 15, 2024 and vesting as to 29,167 options per month starting January 15, 2019 (116,668 of these GSB Options have vested as of the date of this Listing Statement), 501,000 GSB Options have an exercise price of \$0.35 per option with an expiry date of February 1, 2024 and vesting as to 20,875 options per month starting February 28, 2019 (62,625 of these GSB Options have vested as of the date of this Listing Statement) and 500,000 GSB Options have an exercise price of \$0.35 per option, with an expiry date of March 25, 2029 and vesting as to fifty percent on March 25, 2029 and as to fifty percent on March 25, 2020 (250,000 of these GSB Options have vested as of the date of this Listing Statement).
- (7) Assumes no outstanding options or warrants are exercised prior to Closing.
- (8) A total of 445,095 Agent's Unit Options were issued to Mackie Research Capital Corporation pursuant to the Agency Agreement. Each Agent's Unit Option is exercisable into one Agent's Unit upon payment of \$0.35 per unit for a period of 24 months from the date of a Liquidity Event. Each Agent's Unit consists of one GSB Common Share and one half Agent Warrant.
- (9) Underlying the Agent's Unit Options. Each Agent's Warrant is exercisable for one GSB Common Share at a price of \$0.75 on or before 24 months from the date of issue.

## 9. OPTIONS TO PURCHASE SECURITIES

As at December 31, 2018 and currently, Bethpage has 225,000 outstanding options to acquire Bethpage Common Shares. As at August 31, 2018, GSB has 4,000,000 outstanding options exercisable at a price of \$0.20, with an expiry of May 30, 2028 of which 2,000,000 are vested. On January 15, 2019, GSB granted 700,008 options exercisable at a price of \$0.35, with an expiry of January 15, 2024 of which 116,668 are vested, on February 1, 2019, GSB granted 501,000 options exercisable at a price of \$0.35, with an expiry of February 1, 2024 of which 62,625 are vested and on March 25, 2019, GSB granted 500,000 options exercisable at a price of \$0.35, with an expiry of March 25, 2029 of which 250,000 are vested. As part of the Proposed Transaction, the Bethpage Options shall be subject to the Consolidation and once consolidated shall be exchanged for Resulting Issuer Options. As part of the Proposed Transaction, each outstanding GSB Option shall be exchanged for Resulting Issuer Options.

The board of directors of Bethpage approved for adoption a new form of stock option plan by written resolution dated May 27, 2019. See a description of the stock option plan below.

Upon completion of the Proposed Transaction, the following options to purchase Resulting Issuer Common Shares are expected to be held by:

Category of Optionee	Number of Options to Purchase Resulting Issuer Shares <sup>(1)(3)</sup>	Exercise Price	Market Value on Date of Grant	Market Value	Expiry Date
Officers of the Resulting Issuer as a group (1 person)	1,000,000	\$0.20	n/a	n/a	May 30, 2028
Directors of the Resulting Issuer who are not also officers of the Resulting Issuer (1 person)	1,000,000	\$0.20	n/a	n/a	May 30, 2028
All other employees of the Resulting Issuer	0	n/a	n/a	n/a	n/a

All consultants of the Resulting Issuer (10 persons)	2,000,000 <sup>(4)</sup>	\$0.20	n/a	n/a	May 30, 2028
	700,008	\$0.35	n/a	n/a	January 15, 2024
	501,000	\$0.35	n/a	n/a	February 1, 2024
	500,000	\$0.35	n/a	n/a	March 25, 2029
Former Directors and Officers of the Resulting Issuer, as a group	112,500 <sup>(2)</sup>	\$0.30	n/a	n/a	June 21, 2022
<b>TOTAL</b>	<b>5,813,508</b>		<b>n/a</b>	<b>n/a</b>	

**Notes:**

- (1) All of the options of the Resulting Issuer will be governed by the Option Plan.
- (2) Bethpage Options after giving effect to the Consolidation.
- (3) Assumes no options are exercised prior to Closing.
- (4) Pursuant to the terms of the option agreements, the 1,000,000 options currently issued to Dodsall Properties Inc. will expire on June 17, 2019 if not exercised.

***Stock Option Plan***

At a meeting of the Bethpage board of directors on May 27, 2019, and in connection with the application to list the Resulting Issuer Shares on the CSE, Bethpage adopted a new form of stock option plan that provides for the issuance of stock options to directors, officers, employees and consultants of up to 10% of the outstanding Bethpage Common Shares, from time to time (the “**Plan**”). A copy of the Plan has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

The Plan provides that the board of directors of Bethpage may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and consultants to Bethpage, non-transferable options to purchase Bethpage Common Shares exercisable for a period of up to five years from the date of grant. The exercise price for each option shall be determined by the Board of Directors, subject to the Policies of the CSE, at the time the option is granted, but such price shall not be less than the higher of the closing prices of the Bethpage Common Shares on either the date of grant or the trading day prior to the date of grant. The exercise price may not be reduced without applicable regulatory approval. The Board of Directors may determine in its discretion which options shall vest and the method of vesting, subject only to compliance with the Policies of the CSE. Options may be exercised no later than 90 days following cessation of the optionee’s position with Bethpage, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to the expiry date of such option.

The Plan also provides that the number of Bethpage Common Shares, calculated on a fully diluted basis, reserved for issuance to directors, executive officers or related entities of Bethpage, or an associate or permitted assign of directors, executive officers or related entities of the issuer (collectively, a “related party”) may not exceed 10% of the issued and outstanding Bethpage Common Shares in a 12 month period (5% to an individual related party) and also, the number of Bethpage Common Shares, calculated on a fully diluted basis, issued upon exercise of options may not exceed 10% of the issued and outstanding Bethpage Common Shares (5% to an individual related party) in a 12 month period.

**10. DESCRIPTION OF THE SECURITIES**

The authorized share capital of Bethpage consists of unlimited common shares without par value. As of the date of this Listing Statement, 8,900,000 Bethpage Common Shares were issued and outstanding as fully paid and non-assessable shares, prior to giving effect to the Consolidation. See Section 8 “*Consolidated Capitalization*” for the number of securities of the Resulting Issuer outstanding after giving effect to the Proposed Transaction.

***Resulting Issuer Common Shares***

Following the Proposed Transaction, the Resulting Issuer is authorized to issue an unlimited number of Resulting

Issuer Common Shares.

The holders of Resulting Issuer Common Shares are entitled to receive notice of and to attend and vote at all meetings of the Resulting Issuer Shareholders and each Resulting Issuer Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Resulting Issuer. The holders of the Resulting Issuer Common Shares are entitled to receive such dividends in any financial year as the Resulting Issuer's board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, holders of Resulting Issuer Common Shares are entitled to share ratably in such assets of the Resulting Issuer as are available for distribution.

**Prior Sales**

Bethpage has not issued securities within the past 12 months before the date of this Listing Statement.

The following tables summarize the issuance of GSB Common Shares or securities convertible into GSB Common Shares since its incorporation.

Date of Issue	Class of Security	Number of Securities Issued	Price per Security	Total Issue Price
April 1, 2018	Common Shares	1	\$0.01	\$0.01
May 10, 2018	Common Shares	30,899,994 <sup>(1)</sup>	\$0.05	\$1,545,000
May 18, 2018	Common Shares	15,659,800	\$0.20	\$3,131,960
May 23, 2018	Common Shares	285,714 <sup>(3)</sup>	\$0.35	\$100,000
June 29, 2018	Common Shares	5,403,500 <sup>(4)</sup>	\$0.35	\$1,891,225
July 23, 2018	Common Shares	2,967,590 <sup>(5)</sup>	\$0.35	\$1,038,656
July 31, 2018	Common Shares	955,000 <sup>(6)</sup>	\$0.35	\$334,250
August 2, 2018	Common Shares	85,000 <sup>(7)</sup>	\$0.35	\$29,750
November 1, 2018 <sup>(2)</sup>	Common Shares	2,500,000 <sup>(1)(2)</sup>	\$0.05	\$125,000
November 30, 2018	Common Shares	635,850 <sup>(8)</sup>	\$0.35	\$nil
December 19, 2018	Common Shares	50,000 <sup>(9)</sup>	\$0.20	\$10,000
January 4, 2019	Common Shares	977,413 <sup>(10)</sup>	\$0.35	\$342,094
January 15, 2019	Common Shares	80,000 <sup>(11)</sup>	\$0.35	\$28,000
January 31, 2019	Common Shares	317,925 <sup>(8)</sup>	\$0.35	\$nil
March 25, 2019	Common Shares	385,429 <sup>(12)</sup>	\$0.35	\$134,900
March 31, 2019	Common Shares	317,925 <sup>(8)</sup>	\$0.35	\$nil
May 15, 2019	Common Shares	290,537 <sup>(13)</sup>	\$0.45	\$130,741
May 22, 2019	Common Shares	711,111 <sup>(14)</sup>	\$0.45	\$320,000



**Notes:**

- (1) Issued under a unit offering with a price of \$0.05 per unit. Each unit consisted of one GSB Common Share and one warrant exercisable into one GSB Common Share at an exercise price of \$0.10 on or before May 10, 2020.
- (2) Subscription was completed on November 1, 2018 as resolution of an overlooked subscription for the May 10, 2018 private placement
- (3) Issued under a unit offering with a price of \$0.35 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before May 23, 2020.
- (4) Issued under a unit offering with a price of \$0.35 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before June 29, 2020.
- (5) Issued under a unit offering with a price of \$0.35 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before July 24, 2020.
- (6) Issued under a unit offering with a price of \$0.35 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before July 31, 2020.
- (7) Issued under a unit offering with a price of \$0.35 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before August 2, 2020.
- (8) Issued as GSB Common Shares underlying Penalty Units issued pursuant to the terms of the Agency Agreement.
- (9) Subscription was completed on December 19, 2018 as resolution of an overlooked subscription for the May 18, 2018 private placement.
- (10) Issued under a unit offering with a price of \$0.35 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before January 4, 2021.
- (11) Issued as consulting fees for the closing of the January 4, 2019 private placement.
- (12) Issued under a unit offering with a price of \$0.35 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before March 25, 2021.
- (13) Issued under a unit offering with a price of \$0.45 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before May 15, 2021.
- (14) Issued under a unit offering with a price of \$0.45 per unit. Each unit consisted of one GSB Common Share and one half of one warrant exercisable into one GSB Common Share at an exercise price of \$0.75 on or before May 22, 2021.

Date of Issue	Class of Security	Number of Securities Issued	Price per Security	Total Exercise Price
May 10, 2018	Warrants	30,899,994	\$0.10	\$3,089,999
May 18, 2018	Performance Warrants	4,655,992 <sup>(1)</sup>	\$0.35	\$1,629,597
May 18, 2018	Finder Warrants	700,000 <sup>(2)</sup>	\$0.20	\$140,000
May 23, 2018	Warrants	142,857	\$0.75	\$107,142
June 29, 2018	Warrants	2,701,750	\$0.75	\$2,026,312
June 29, 2018	Agent's Unit Options	378,245 <sup>(3)</sup>	\$0.35	\$132,385
June 29, 2018	Agent's Warrants	189,122 <sup>(9)</sup>	\$0.75	\$141,841
July 24, 2018	Warrants	1,483,795	\$0.75	\$1,112,846
July 24, 2018	Finder Warrants	7,000 <sup>(4)</sup>	\$0.35	\$2,450
July 31, 2018	Warrants	477,500	\$0.75	\$358,125
July 31, 2018	Agent's Unit Options	66,850 <sup>(5)</sup>	\$0.35	\$23,397
July 31, 2018	Agent's Warrants	33,425 <sup>(9)</sup>	\$0.75	\$25,068
August 2, 2018	Warrants	42,500	\$0.75	\$31,875
August 2, 2018	Finder Warrants	175,950 <sup>(6)</sup>	\$0.35	\$61,582
November 1, 2018	Warrants	2,500,000	\$0.10	\$250,000
November 30, 2018	Warrants	317,925 <sup>(7)</sup>	\$0.75	\$238,443
January 4, 2019	Warrants	488,706	\$0.75	\$366,659
January 15, 2019	Finder Warrants	66,419 <sup>(8)</sup>	\$0.35	\$28,000
January 31, 2019	Warrants	158,963 <sup>(7)</sup>	\$0.75	\$119,222
March 25, 2019	Warrants	192,714	\$0.75	\$366,659

March 31, 2019	Warrants	158,963 <sup>(7)</sup>	\$0.75	\$119,222
May 15, 2019	Warrants	145,268	\$0.75	\$108,951
May 22, 2019	Warrants	355,555	\$0.75	\$266,666

**Notes:**

- 1) Issued to principals of Cowlitz.
- 2) Issued to North Bay Capital Partners as Finder Warrants.
- 3) Issued to Mackie Research Capital Corporation. Each Agent's Unit Option is exercisable into one Agent's Unit upon payment of \$0.35 per unit. Each Agent's Unit consists of one GSB Common Share and one-half of one Agent's Warrant.
- 4) Issued to Canaccord Genuity Corp. as Finder Warrants.
- 5) Issued to Mackie Research Capital Corporation. Each Agent's Unit Option is exercisable into one Agent's Unit upon payment of \$0.35 per unit. Each Agent's Unit consists of one GSB Common Share and one-half of one Agent's Warrant.
- 6) 170,000 issued to North Bay Capital Partners, and 5,950 issued to Canaccord Genuity Corp., as Finder Warrants.
- 7) Issued as Warrants underlying Penalty Units issued pursuant to the terms of the Agency Agreement.
- 8) Issued to Ripper, LLC as Finder Warrants.
- 9) To be issued as Agent's Warrants underlying the Agent's Unit Options issued pursuant to the terms of the Agency Agreement

**Trading History**

The Bethpage common shares are listed and posted for trading on the NEX board of the TSX Venture Exchange under the symbol "BET.H". The following table sets out the high and low sales prices and trading volumes of the Bethpage Common Shares for the periods indicated as reported by the TSX Venture Exchange. The stock was halted in connection with the Proposed Transaction on September 7, 2018. The prices have not been adjusted to give effect to the proposed Consolidation (2:1).

Period	High \$	Low \$	Close \$	Volume
May 1 – 28, 2019	--	--	--	0
April 1 – 30, 2019	--	--	--	0
Quarter Ended March 31, 2019	--	--	--	0
Quarter Ended December 31, 2018	--	--	--	0
Quarter Ended September 30, 2018	0.07	0.07	0.07	4,500
Quarter Ended June 30, 2018	0.07	0.07	0.07	4,500
Quarter Ended March 31, 2018	0.11	0.10	0.10	21,950
Quarter Ended December 31, 2017	0.14	0.08	0.085	132,650
Quarter Ended September 30, 2017	0.07	0.07	0.07	0
Quarter Ended June 30, 2017	0.10	0.07	0.07	185,500
Quarter Ended March 31, 2017	0.155	0.055	0.10	274,050
Quarter Ended December 31, 2016	0.10	0.04	0.075	83,900

**Note:**

- (1) The Bethpage Common Shares were halted at Bethpage's request on September 7, 2018, in connection with the announcement of the Proposed Transaction.

## 11. ESCROWED SECURITIES

As of the date of this Listing Application, no Bethpage Common Shares are held in escrow. As at August 31, 2018, pursuant to the terms of the subscription agreements entered into by subscribers to the May 18, 2018 non-brokered private placement (\$0.20 per GSB Common Share), 15,659,800 GSB Common Shares (the “**May 2018 Shares**”) will bear a legend restricting the ability of the holders to sell or transfer the shares for the corresponding period:

Proportion To Be Released from Restriction	Release Date
10% of the May 2018 Shares	Closing Date
30% of the May 2018 Shares	3 months from the Closing Date
30% of the May 2018 Shares	6 months from the Closing Date
the remaining May 2018 Shares	9 months from the Closing Date

As at March 31, 2019, pursuant to the terms of a voluntary pooling agreement (the “**Pooling Agreement**”) entered into by subscribers to the May 10, 2018 non-brokered private placement (the “**Seed Shares**”), 33,399,994 GSB Common Shares will bear a legend restricting the ability of the holders to sell or transfer the shares for the corresponding period:

Proportion To Be Released from Restriction	Release Date
10% of the Seed Shares	Closing Date
30% of the Seed Shares	4 months from the Closing Date
30% of the Seed Shares	8 months from the Closing Date
the remaining Seed Shares	12 months from the Closing Date

Upon completion of the Proposed Transaction, in accordance with CSE Policies, 2,917,781 Resulting Issuer Common Shares, 2,917,781 Resulting Issuer Warrants and options to purchase 1,000,000 Resulting Issuer Common Shares held by Ralph Olson, 50,000 Resulting Issuer Common Shares and options to purchase 50,000 Resulting Issuer Common Shares held by Leighton Bocking, 385,429 Resulting Issuer Common Shares held by McAtesch Investments LLC (a limited liability company controlled by Dan McAtee) and options to purchase 501,000 Resulting Issuer Common Shares held by Dan McAtee, 28,571 Resulting Issuer Common Shares held by ACM Management Ltd. (a company controlled by Alex McAulay) and options to purchase 1,000,000 Resulting Issuer Common Shares held by Scott Reeves, being the principals of the Resulting Issuer, will be subject to escrow restrictions in accordance with National Policy 46-201 “Escrow for Initial Public Offerings” (“**NP 46-201**”). A principal who holds securities carrying less than 1% of the voting rights attached to the Resulting Issuer’s outstanding securities following the Proposed Transaction will not be subject to the escrow requirements under NP 46-201. Under the NP 46-201, a “principal” is defined as:

- (a) a person or company who acted as a promoter of the issuer within two years before the IPO prospectus;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus;
- (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s IPO; or
- (d) a 10% holder – a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s IPO and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

To the best of the knowledge of the management of Bethpage and GSB, as of the date of this Listing Statement, the following table discloses the names and municipalities of residence of the securityholders, the number of Resulting Issuer Common Shares that will be held in escrow upon completion of the Proposed Transaction pursuant to NP 46-201, and the percentage that those numbers represent of the outstanding Resulting Issuer Common Shares (excluding those directors and officers who will hold less than 1% of the voting rights).

Name and Municipality of Residence of Securityholder	Designation of Class	After Giving Effect to the Proposed Transaction	
		No. of Common Shares to be held in escrow <sup>(1)</sup>	Percentage of Class (undiluted) <sup>(2)(3)</sup>
Ralph Olson <i>Parker, Colorado</i>	Common Shares	2,917,781	4.36%
Ralph Olson <i>Parker, Colorado</i>	Options	1,000,000	17.14%
Ralph Olson <i>Parker, Colorado</i>	Warrants	2,917,781	6.36%
Leighton Bocking <i>Vancouver, B.C.</i>	Common Shares	50,000 <sup>(4)</sup>	0.07%
Leighton Bocking <i>Vancouver, B.C.</i>	Options	50,000	0.86%
Dan McAtee <i>New Orleans, Louisiana</i>	Common Shares	385,429 <sup>(5)</sup>	0.58%
Dan McAtee <i>New Orleans, Louisiana</i>	Options	501,000	8.59%
Alex McAulay <i>Vancouver, B.C.</i>	Common Shares	28,571 <sup>(6)</sup>	0.04%
Scott Reeves <i>Calgary, Alberta</i>	Options	1,000,000	17.14%

**Notes:**

- (1) Includes Common Shares held by holding companies.
- (2) Assumes the Resulting Issuer having 66,972,789 Common Shares, 5,813,508 options, 445,095 Agent's Unit Options, 45,984,398 warrants (including finder warrants, Agent's Warrants and performance warrants) outstanding after giving effect to the Proposed Transaction.
- (3) Represents an aggregate 7.43% of the Common Shares on a fully diluted basis.
- (4) Owned by Bocking Financial Corp., a company controlled by Mr. Bocking.
- (5) Owned by McAtees Investments LLC, a company controlled by Mr. McAtee.
- (6) Owned by ACM Management Ltd., a company controlled by Mr. McAulay.

The Resulting Issuer is expected to be an "emerging issuer" for the purposes of NP 46-201 and accordingly, a principal's escrowed securities in an emerging issuer will be released as follows:

1. On the date the issuer's securities are listed on a Canadian exchange (the listing date) - 1/10 of the escrow securities;
2. 6 months after the listing date 1/6 of the remaining escrow securities;
3. 12 months after the listing date 1/5 of the remaining escrow securities;
4. 18 months after the listing date 1/4 of the remaining escrow securities;
5. 24 months after the listing date 1/3 of the remaining escrow securities;
6. 30 months after the listing date 1/2 of the remaining escrow securities; and
7. 36 months after the listing date the remaining escrow securities.

## 12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of Bethpage and GSB, following completion of the Proposed Transaction, no person or corporation will beneficially own, directly or indirectly, or exercise control or direction over, Resulting Issuer Common Shares carrying more than 10% of the voting rights attached to all outstanding Resulting Issuer Common Shares (either on an undiluted or fully diluted basis). As of the date of this Listing Statement, no persons holds or controls more than 10% of any class of voting securities of Bethpage on an undiluted basis.

## 13. DIRECTORS AND OFFICERS

The following are summaries of the proposed directors and principal management of the Resulting Issuer, including their respective proposed positions with the Resulting Issuer and relevant work and educational background. Ralph Olson has an existing Executive Employment Agreement with GSB which will be assigned to the Resulting Issuer on the same terms concurrently with Closing. None of the other parties have entered into employment or consulting agreements, or non-competition or non-disclosure agreements with Bethpage or GSB at this time, although such agreement will be entered into by the proposed CFO and the Resulting Issuer in connection with the closing of the Proposed Transaction.

### *Name, Municipality of Residence, Occupation and Security Holdings*

The individuals disclosed in the table below, as applicable, were elected as directors of Bethpage at the meeting of Bethpage Shareholders. Upon Closing, the additional appointments will be made with respect to the officers of the Resulting Issuer.

The following table lists the name, municipality of residence, office, principal occupation and the shareholdings of each director and proposed officer of the Resulting Issuer on Closing.

<b>Name and Municipality of Residence</b>	<b>Current and/or Proposed Office</b>	<b>Principal Occupation During the Past Five Years</b>	<b>Resulting Issuer Shares owned, beneficially held or controlled assuming completion of the Proposed Transaction<sup>(1)</sup></b>
Ralph Olson <i>Parker, Colorado</i>	CEO and a director of GSB and proposed CEO and a director of Resulting Issuer	CEO and a director of GSB since May 1, 2018. Private and public business consultant since 2002.	2,917,781
Leighton Bocking <i>Vancouver, BC</i>	President of GSB and proposed President of Resulting Issuer	President of GSB since April 1, 2019. Private and public finance consultant since 2010.	50,000 <sup>(4)</sup>
Alex McAulay <i>Vancouver, BC</i>	Proposed Chief Financial Officer of Resulting Issuer	Certified Professional Accountant. Has acted as an advisor and officer and director for various other public and private companies during the last five years.	28,571 <sup>(3)</sup>
Dan McAtee <i>New Orleans, Louisiana</i>	Proposed Chief Operating Officer of Resulting Issuer	Chief Operating Officer of GSB since February 1, 2019. Has also acted as the President and CEO of multiple private companies in the last ten years	385,429 <sup>(5)</sup>

Faizaan Lalani <sup>(2)</sup> <i>Vancouver, BC</i>	Proposed Director of Resulting Issuer	Certified Professional Accountant. Currently working for a large real estate developer in Vancouver, British Columbia, focusing on project financing from acquisition through to completion, helping both raise capital and securing debt.	Nil
Sean Campbell <sup>(2)</sup> <i>Austin, Texas</i>	Proposed Director of Resulting Issuer	Lawyer and businessman. Currently a partner with MKM Capital Advisors. Has also acted as the CEO or COO of six public and private companies in the last ten years.	Nil
Scott Reeves <sup>(2)</sup> <i>Calgary, AB</i>	Secretary and Director of GSB and Proposed Secretary and Director of Resulting Issuer	Partner (lawyer) TingleMerrett LLP. Has acted as legal counsel and as a director for various other public and private companies during the last five years.	Nil

**Notes:**

- (1) Securities anticipated to be beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Closing Date, is based upon information furnished to Bethpage and GSB by the above individuals.
- (2) Member of the Audit Committee. Mr. Lalani will act as Chair of the Audit Committee.
- (3) Owned by ACM Management Ltd., a company controlled by Mr. McAulay.
- (4) Owned by Bocking Financial Corp., a company controlled by Mr. Bocking.
- (5) Owned by McAteesch Investments LLC, a company controlled by Mr. McAtee.

Assuming completion of the Proposed Transaction, all directors and proposed officers of the Resulting Issuer will hold an aggregate of 3,381,781 Resulting Issuer Common Shares representing approximately 5.05% of the issued and outstanding Resulting Issuer Common Shares on an undiluted basis.

The term of office of the directors expires annually at the time of the Resulting Issuer's annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting Issuer's executive officers expires at the discretion of the Resulting Issuer's directors. Two of the directors of the Resulting Issuer will not be independent of the Resulting Issuer within the meaning of NI 58-101. The remaining proposed directors of the Resulting Issuer are considered to be independent within the meaning of NI 58-101.

***Board Committees***

Subsequent to the completion of the Proposed Transaction, the board of directors of the Resulting Issuer will have one standing committee, being the Audit Committee.

The Audit Committee of the Resulting Issuer will adopt the audit committee charter of Bethpage. The Audit Committee will oversee the retention, performance and compensation of the Resulting Issuer's independent auditors, and oversee and establish procedures concerning systems of internal accounting and control. The Audit Committee will be comprised of Messrs. Lalani, Campbell and Reeves.

***Cease Trade Orders or Bankruptcies***

Except as noted below, as of the date of this Listing Statement, no proposed nominee for election as a director of Bethpage or any proposed director, officer, insider or promoter of the Resulting Issuer or a shareholder holding a sufficient number of securities of Resulting Issuer to affect materially the control of the Resulting Issuer is, or within 10 years has been, a director, officer, insider or promoter of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days;

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) 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
- (d) 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.

On April 29, 2016, Edge Resources Inc., (“**Edge**”), of which Mr. Reeves was a director and corporate secretary, received an order of the Court of Queen’s Bench of Saskatchewan appointing Grant Thornton as receiver over the company’s Saskatchewan-based assets and, on September 2, 2016, received an order of the Court of Queen’s Bench of Alberta appointing Grant Thornton as receiver over the company’s Alberta-based assets. The receiver was discharged on the Alberta-based assets on December 19, 2016 and on the Saskatchewan-based assets on February 1, 2017.

On September 8, 2016, Quattro Exploration & Production Ltd. (“**Quattro**”) received an order from the Court of Queen’s Bench of Alberta granting creditor protection pursuant to the Companies’ Creditors Arrangement Act (Alberta). The order was extended by the court until November 30, 2016 on October 7, 2016. On February 2, 2017, Quattro received an order of the Court of Queen’s Bench of Alberta appointing Hardy & Kelly Inc. as receiver over the company’s assets.

Mr. Reeves was a director and Corporate Secretary of Quattro when, on May 3, 2016, due to the failure of Quattro to file its annual audited financial statements and management discussion and analysis for the year ended December 31, 2015, the Alberta Securities Commission issued a management cease trade order (the “**Quattro MCTO**”) ordering the cessation of trading in the securities of Quattro by its senior management and directors, including Mr. Reeves. On June 20, 2016, the ASC, pursuant to the filing of the outstanding annual audited financial statements and management discussion and analysis of Quattro, revoked the Quattro MCTO.

On August 5, 2016 Edge received a cease trade order from the Alberta Securities Commission for failure to file financial statements. Since a Receiver had been appointed for Edge on April 29, 2016, the officers and directors of Edge were no longer in control of the assets or undertaking of Edge, being replaced by Grant Thornton (the Receiver). This made it impossible, following such date, for the directors of Edge to affect the continuance of Edge’s public filings. A copy of the order may be provided by request.

On May 8, 2017, Quattro received a cease trade order from the Alberta Securities Commission for failure to file financial statements. Since a Receiver had been appointed for Quattro on February 2, 2017, the officers and directors of Quattro were no longer in control of the assets or undertaking of Quattro, being replaced by Hardy & Kelly Inc. (the Receiver). This made it impossible, following such date, for the directors of Quattro to affect the continuance of Quattro’s public filings. A copy of the order may be provided by request.

Mr. Reeves was Corporate Secretary of Perisson Petroleum Corporation (“**Perisson**”) on May 1, 2018 when the ASC issued an MCTO ordering the cessation of trading in the securities of Perisson by certain of its insiders, including Mr. Reeves, for its failure to file annual audited financial statements, annual management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2017. The MCTO was lifted on June 18, 2018 upon filing of the annual audited financial statements.

***Penalties or Sanctions***

Except as noted below, no director, officer, or promoter of the Resulting Issuer or any shareholder anticipated to

hold a sufficient amount of securities to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely considered important to a reasonable investor in making an investment decision.

### ***Personal Bankruptcies***

Except as set out herein, as of the date of this Listing Statement, no nominee for election as a director of Bethpage and or any proposed director, officer, insider or promoter of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is, or within the last 10 years, has been declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

### ***Conflicts of Interest***

There are potential conflicts of interest to which some of the directors, proposed directors, officers and insiders and the promoters of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors, proposed directors, officers and insiders and the promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Resulting Issuer. Accordingly, situations may arise where some of the directors, officers and insiders and the promoter will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the ABCA.

### ***Proposed Management of the Resulting Issuer***

A brief description of the biographies for all of the proposed officers and directors of the Resulting Issuer are set out below.

#### **Ralph Olson – Chief Executive Officer and a Director (age 61)**

Mr. Olson is an employee of GSB and is currently proposed to be an employee of the Resulting Issuer holding the office of Chief Executive Officer. Mr. Olson has acted as a finance advisor to various private and public companies since 2002. From 1998 to 2002, Mr. Olson was a partner in Global Capital Partners where he led a sales team including members from over twenty offices in the United States and Europe. From 1987 to 2002, Mr. Olson was a partner and the head of sales for Cohig and Associates (“Cohig”) prior to its merger with Global Capital Partners. Cohig specialized in raising capital for small to medium sized companies. Cohig led or co-managed financings for over 80 public companies totaling over 2 billion dollars. Mr. Olson’s responsibilities included managing over 200 registered sales representatives in over 20 offices in the United States as well as coordinating the equity and debt raises with the investment banking and trading departments of Cohig. Mr. Olson has a degree in Finance from the University of Colorado – Denver. Mr. Olson will devote approximately 95% of his time to the Resulting Issuer.

#### **Leighton Bocking – President (age 36)**

Mr. Bocking has been working in the capital markets for approximately 15 years. He is currently an independent corporate development consultant. Mr. Bocking served as director of Patriot One Technologies Inc., a TSXV listed company, from April 2016 to November 2016. Mr. Bocking expects to devote 10% of his working hours to the affairs of the Corporation to fulfil his role as a director of the Resulting Issuer.

#### **Alex McAulay – Chief Financial Officer (age 34)**

Mr. McAulay is currently proposed to be an employee of the Resulting Issuer holding the office of Chief Financial Officer. Mr. McAulay resides in Vancouver, British Columbia and is a Chartered Professional Accountant. Mr. McAulay currently serves as the CFO for TSX-V listed Marifil Mines Limited and recently acted as the CFO for



TSX-V listed Bow Energy Ltd. Mr. McAulay has also served as the CFO and as a director for Naked Brands Group Inc. while listed on the OTCQB. Mr. McAulay will devote approximately 40% of his time to the Resulting Issuer.

**Dan McAtee – Chief Operating Officer (age 53)**

Mr. McAtee is currently proposed to be an employee of the Resulting Issuer holding the office of Chief Operating Officer. Mr. McAtee resides in New Orleans, Louisiana and holds a BSc. from the University of Colorado and studies post graduate business management at the University of Ohio. Mr. McAtee started his career at GE Research and Development where he worked on several military and civilian projects, developing and authoring several patents and publications. At his over 18 years at GE, he became one of the first Master Black Belts within the Six Sigma Program and achieved several senior executive roles, including leading the development of the compact fluorescent lighting program and the development of the commercial and residential electric revenue meter. Mr. McAtee continued his career leading several private and public businesses ranging in size from \$200M to \$1.3B as the President of Werner Extruded products, President of Tyco A&E Products, President and CEO of Tree Island Industries, President of Harsco Minerals, President of Dyno Nobel Americas, and President of PosiGen Solar solutions. Mr. McAtee has extensive global M&A and operational experience having worked and set up business in over 30 countries while living in the US and abroad. Mr. McAtee will devote approximately 95% of his time to the Resulting Issuer.

**Faizaan Lalani – Director (age 32)**

Mr. Lalani is currently a proposed director for the Resulting Issuer. Mr. Lalani resides in Vancouver, British Columbia and is a Chartered Professional Accountant. Mr. Lalani is an Accounting/Finance professional with over nine years of experience covering audit, financial reporting, corporate finance, and operations management. He is currently working for a large real estate developer in Vancouver, British Columbia, focusing on project financing from acquisition through to completion, helping both raise capital and securing debt. He also founded his own apparel company, successfully selling the brand across North America over the last four years. Prior to this, Faizaan worked in the audit and assurance group at PricewaterhouseCoopers LLP, where he obtained his CPA, CA designation, gaining experience in both the public and private sectors. Mr. Lalani will devote approximately 5% of his time to the Resulting Issuer.

**Sean Campbell – Director (age 53)**

Mr. Campbell is currently a proposed director for the Resulting Issuer. Mr. Campbell resides in Austin, Texas and graduated from the University of Texas School of Law in 1987. Mr. Campbell is a member of the California State Bar and practiced law in business litigation. Mr. Campbell has founded and been a director or officer in numerous companies in various business sectors, including acting as in-house legal counsel. From August 2008 to present Mr. Campbell has been a partner of MKM Capital Advisors that provides capital, operating and management advice to companies and makes direct investments in various sectors. From February 2014 to July 2015 Mr. Campbell was the CEO of OTC-listed Blue Line Protection Group that provided services in relation to banking security compliance for the cannabis industry. During his term as CEO Blue Line grew from 9 to 125 employees and its revenues increased from \$8,000 to \$250,000 per month. Over the past ten years Mr. Campbell has served as the CEO or COO of several public and private companies. Mr. Campbell will devote approximately 5% of his time to the Resulting Issuer.

**Scott Reeves, Director and Secretary (50)**

Mr. Reeves is currently a proposed director and secretary for the Resulting Issuer. Mr. Reeves is a partner with TingleMerrett LLP, a Calgary-based law firm with a focus on securities, corporate finance and commercial transactions for emerging and growth companies, joint ventures and partnerships. He has advised numerous private and public corporations (including registered dealers) in a wide range of business matters including access to capital markets, corporate governance and operational issues both nationally and internationally. Mr. Reeves will devote approximately 5% of his time to the Resulting Issuer, or a greater portion as the position demands.

Pursuant to Mr. Olson's Executive Employment Contract he has agreed to certain non-competition and non-

disclosure terms. None of the other executive officers have entered into a non-competition or non-disclosure agreement with Bethpage or GSB.

## 14. CAPITALIZATION

### *Issued Capital*

To the best knowledge of Bethpage and GSB, the following table sets out the number of the Common Shares available in the Resulting Issuer's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis, assuming completion of the Proposed Transaction:

	<u>Number of Common Shares (non-diluted)</u>	<u>Number of Common Shares (fully diluted)</u>	<u>% of Shares (non- diluted)</u>	<u>% of Shares (fully diluted)</u>
<b><u>Public Float</u></b>				
Total Outstanding after giving effect to the Proposed Transaction(A) <sup>(1)</sup>	66,972,789	119,125,790	100	100
Held by Related Persons or employees of the Resulting Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B) <sup>(2)</sup>	16,149,508	32,767,797	24.11	27.51
<b>Total Public Float [(A)-(B)]</b>	<b>50,823,281</b>	<b>86,357,993</b>	75.89	72.49
<b><u>Freely Tradeable Float</u></b>				
Number of outstanding common shares subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders <sup>(2)</sup>	49,477,394	54,399,296	73.88	45.67
<b>Total Tradeable Float</b>	<b>17,495,395</b>	64,726,494	26.12	54.33

**Notes:**

- (1) To the knowledge of Bethpage and GSB, this total includes no holders with more than 5% of the non-diluted voting rights of the Resulting Issuer. See "Principal Shareholders."
- (2) This total includes the fully-diluted Resulting Issuer Shares held by Ralph Olson, Scott Reeves, Leighton Bocking, Dan McAtee and Alex McAulay, including those Resulting Issuer Shares that are subject to escrow. See "Escrowed Securities".

### ***Public Securityholders (Registered and Beneficial)***

To the knowledge of Bethpage and GSB, the following tables set out the breakdown of the registered shareholders of Bethpage and GSB and beneficial holders. The tables have been prepared using reports provided by Bethpage's transfer agent and contained in GSB's minute books prior to the completion of the Proposed Transaction and is presented on a *pro forma* basis, prior to giving effect to the proposed consolidation after giving effect to the Proposed Transaction. For the purposes of this table, registered holders are persons other than persons enumerated in section (B) of the Issued Capital table above:

**Public Securityholders (Registered)<sup>(1)</sup>**

Size of Holding	Number of Holders	Total Number of Common Shares
100 - 499 Common Shares	0	0
500 - 999 Common Shares	0	0
1,000 - 1,999 Common Shares <sup>(2)</sup>	0	0
2000 or more Common Shares <sup>(3)</sup>	1	612,500
Total	1	612,500

Note:

- (1) The range of the number of share held by the shareholders for Bethpage was taken as of November 14, 2018, as reported by Computershare Trust Company of Canada, prior to giving effect to the Consolidation (2 to 1).
- (2) Does not include position held in CDS Inc. There are a total of 4 Bethpage shareholders with 500 or more shares, 3 of whom are non-public.
- (3) There are approximately 234 registered holders of GSB, not including management and employees of GSB.

**Public Securityholders (Beneficial)<sup>(1)(2)</sup>**

Size of Holding	Number of Holders	Total Number of Common Shares
1 - 99 Common Shares	1	1
100 - 499 Common Shares	3	700
500 - 999 Common Shares	1	800
1,000 – 1,999 Common Shares	10	13,800
2,000 - 2,999 Common Shares	15	30,500
3,000 - 3,999 Common Shares	30	95,500
4,000 - 4,999 Common Shares	6	24,000
5,000 or more Common Shares	317	71,257,488 <sup>(1)</sup>

Note:

- (1) The numbers of shareholders of Bethpage was taken from a share range analysis report dated November 12, 2018, prior to giving effect to the Consolidation (2 to 1).
- (2) Excludes non-Public security holder beneficial holdings.

**Non-Public Security holders (Registered)**

To the best knowledge of Bethpage, the following table sets out the number of holders and securities of non-public security holders of Bethpage as of the date hereof, pursuant to the size of the shareholders holding. For the purposes of this table, non-public security holders are persons enumerated in section (B) of the Issued Capital table:

Size of Holding	Number of Holders	Total Number of Common Shares
1 - 99 Common Shares	0	0
100 - 499 Common Shares	0	0
500 - 999 Common Shares	0	0
1,000 – 1,999 Common Shares	0	0
2,000 - 2,999 Common Shares	0	0

3,000 - 3,999 Common Shares	0	0
4,000 - 4,999 Common Shares	0	0
5,000 or more Common Shares	3	740,000 <sup>(1)</sup>

Note:

- (1) Mr. Sorace, President and CEO of Bethpage, controls, directly and indirectly, an aggregate of 1,098,000 shares, being 14.4% of the issued and outstanding shares of Bethpage prior to giving effect to the Proposed Transaction.

### ***Convertible and Exchangeable Securities***

The following table provides details of all securities convertible or exchangeable into common shares of the Resulting Issuer, following completion of the Proposed Transaction. See also “*Description of Securities*” above.

<b>Description of Security (include conversion / exercise terms, including conversion / exercise price)</b>	<b>Number of convertible / exchangeable securities outstanding<sup>(1)</sup></b>	<b>Number of listed securities issuable upon conversion / exercise<sup>(1)</sup></b>
<i>Stock Options</i> – Upon closing of the Proposed Transaction there will be stock options held by prior directors, officers and consultants of GSB at a price of \$0.20 per share for a period of 10 years. See “ <i>Options to Purchase Securities</i> ”.	4,000,000	4,000,000
<i>Stock Options</i> – Upon closing of the Proposed Transaction there will be stock options held by consultants of GSB at a price of \$0.35 per share for a period of between 5 and 10 years. See “ <i>Options to Purchase Securities</i> ”.	1,701,008	1,701,008
<i>Stock Options</i> – Upon closing of the Proposed Transaction there will be stock options held by prior directors, officers and consultants of Bethpage at a price of \$0.30 per share until June 21, 2022. See “ <i>Options to Purchase Securities</i> ”.	112,500 <sup>(2)</sup>	112,500 <sup>(2)</sup>
<i>Agent’s Unit Options</i> – Upon closing of the Proposed Transaction there will be Agent’s Unit Options outstanding exercisable into Agent’s Units consisting of one Common Share and one-half warrant. See “ <i>Definitions</i> ”.	445,095	445,095
<i>Agent’s Warrants</i> – Upon closing of the Proposed Transaction there will be Agent’s Warrants issuable upon exercise of the Agent’s Option Units. Each whole Agent’s Warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share until June 29, 2020.	Nil	189,122
<i>Agent’s Warrants</i> – Upon closing of the Proposed Transaction there will be Agent’s Warrants issuable upon exercise of the Agent’s Option Units. Each whole Agent’s Warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share until July 31, 2020.	Nil	33,425

<p><i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Performance Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.35 per share for a period of 36 months from the date of the Closing of the Proposed Transaction.</p>	4,655,992	4,655,992
<p><i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.10 per share for a period ending May 10, 2020.</p>	33,399,994	33,399,994
<p><i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Finders Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.20 per share for a period ending May 18, 2020.</p>	700,000	700,000
<p><i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Finders Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.35 per share for periods ending July 24, 2020, August 2, 2020 and January 1, 2021.</p>	249,369	249,369
<p><i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share for a period ending June 29, 2020.</p>	3,242,101	3,242,101
<p><i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share for a period ending July 24, 2020.</p>	1,579,295	1,579,295
<p><i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share for a period ending July 31, 2020.</p>	477,500	477,500
<p><i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share for a period ending August 2, 2020.</p>	42,500	42,500

<i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share for a period ending January 4, 2021.	488,706	488,706
<i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share for a period ending March 25, 2021.	192,714	192,714
<i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share for a period ending May 15, 2021.	145,268	145,268
<i>Warrants</i> - Upon closing of the Proposed Transaction there will be warrants held by the prior holders of GSB Purchase Warrants. Each whole warrant entitles the holder to acquire one Resulting Issuer Common Share at price of \$0.75 per share for a period ending May 22, 2021.	355,555	355,555

**Notes:**

- (1) Assumes no convertible security is exercised prior to giving effect to the Proposed Transaction.
- (2) After giving effect to the Consolidation and the corresponding exercise price adjustment.

## 15. EXECUTIVE COMPENSATION

A discussion of Bethpage's executive compensation is contained in the Bethpage statement of executive compensation dated May 8, 2019, which is available on SEDAR and is hereby incorporated by reference herein.

The following table sets forth the anticipated compensation to be paid or awarded to the directors and the following executive officers of the Resulting Issuer: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; and (iii) the three most highly compensated individuals whose total compensation will be more than C\$150,000:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Fiscal Period Ended August 31	Salary, Consulting Fee, Retainer or Commission (\$USD)	Bonus (\$USD)	Committee or Meeting Fees (\$USD)	Value of Perquisites (\$USD)	Value of all Other Compensation (\$USD)	Total Compensation (\$USD)
Ralph Olson <i>Director, President and Chief Executive Officer</i>	2019	180,000	Nil	Nil	Nil	Nil	180,000

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Fiscal Period Ended August 31	Salary, Consulting Fee, Retainer or Commission (\$USD)	Bonus (\$USD)	Committee or Meeting Fees (\$USD)	Value of Perquisites (\$USD)	Value of all Other Compensation (\$USD)	Total Compensation (\$USD)
Leighton Bocking <i>President</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
Alex McAulay <i>Chief Financial Officer</i>	2019	CDN\$100,000	Nil	Nil	Nil	Nil	CDN\$100,000
Dan McAtee <i>Chief Operating Officer</i>	2019	72,000	Nil	Nil	Nil	Nil	72,000
Scott Reeves <i>Corporate Secretary and a Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
Sean Campbell <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
Faizaan Lalani <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil

### **Compensation of Executives**

When determining executive compensation, the Resulting Issuer's practices will be designed to retain, motivate and reward the executive officers of the Resulting Issuer for their performance and contribution to the Resulting Issuer's long-term success. The Board will seek to compensate the Resulting Issuer's executive officers by combining short and long-term cash and equity incentives. It will also seek to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation. The Board will seek to tie individual goals to the area of the executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals.

The Compensation Committee of the Resulting Issuer will review and recommend the executive compensation arrangements and the employment agreements for the Chief Executive Officer and Chief Financial Officer. The ultimate decision will rest with the Chief Executive Officer in all cases.

### **Elements of Compensation**

The compensation of the executive officers of the Resulting Issuer will include three major elements: (a) base salary, (b) an annual, discretionary cash bonus, and (c) long-term equity incentives, consisting of stock options under the New Stock Option Plan. These three principal elements of compensation are described below.

### **Base Salary**

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee

retention and recruitment. Base salaries will be based on an assessment of factors such as the executive's performance, a consideration of competitive compensation levels in companies similar to the Resulting Issuer and a review of the performance of the Resulting Issuer as a whole and the role such executive played in such corporate performance.

### **Annual Cash Bonus**

The Resulting Issuer, in its discretion, may award cash bonuses in order to motivate executives to achieve short-term corporate goals. The Board will approve cash bonuses. The success of executive officers in achieving their individual objectives and their contribution to the Resulting Issuer in reaching its overall goals are factors in the determination of their cash bonus. The Board will assess each executive's performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Resulting Issuer that arise on a day to day basis.

### **New Stock Option Plan**

In connection with the Transaction, the Corporation's shareholders approved the New Stock Option Plan at the Meeting. For further details in respect of the New Stock Option Plan, please see Section 9 above.

### **Pension Plan Benefits**

The Resulting Issuer does not intend to implement any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

### **Employment Contracts**

Effective May 1, 2018 GSB entered into an Executive Employment Agreement with Ralph Olson (the "**Olson Employment Agreement**") whereunder Mr. Olson agreed to serve as the Chief Executive Officer of GSB for a term of five (5) years. Mr. Olson's base annual salary is US\$180,000 and he is eligible for an annual cash bonus and other benefits at the discretion of the board of directors. The agreement may be terminated by either of Mr. Olson or GSB at any time with or without cause. In the event that Mr. Olson has a "separation from service" within the meaning of a §409A of the US Internal Revenue Code of 1986, as amended (a "**Separation from Service**") as a result of GSB terminating his employment without cause after May 1, 2019, (1) Mr. Olson's right to exercise all then outstanding stock options granted to him shall fully and immediately vest on the effective date of his Separation from Service; (2) GSB shall pay to Executive in a lump sum (less applicable tax withholdings) an amount equal to: (i) twenty four (24) months base salary (paid in accordance with GSB's usual payroll procedures); and (ii) any annual bonus allocable or payable prior to the date of termination. The Resulting Issuer intends to continue with this employment arrangement with Mr. Olson.

### **Consulting Contracts**

Management functions of the Resulting Issuer will be substantially performed by directors and senior officers of the Resulting Issuer and not, to any substantial degree, by any other person with whom the Resulting Issuer has contracted, subject to the following.

On January 15, 2019, GSB entered into an Executive Consulting Agreement (the "**Usher Consulting Agreement**") with Rene Usher ("**Usher**") whereby Usher is to act as a financial, operations and business development consultant of GSB. GSB recognized that Usher possesses experience and business relationships in relation to the cannabis industry and therefore Usher could advance GSB's interests in engaging in business related to the expanding cannabis industry. Usher is entitled to a monthly consulting fee of USD\$3,400. GSB may terminate the Consulting Agreement at any time, for a material breach. The term of the agreement is 24 months. Upon a Change of Control Usher may terminate within 60 days following the change of control with entitlement to a termination payment equal to the remainder of the monthly consulting fee for the term of the agreement. In connection with the agreement, Usher was also granted 700,008 options to purchase GSB Common Shares at a strike price of CDN\$0.35 per share until January 15, 2024, which vest as to 29,167 options per month for the term of the agreement. The



Proposed Transaction does not amount to a Change of Control under the Consulting Agreement.

Effective February 1, 2019 (the “**Effective Date**”), GSB entered into an Executive Consulting Agreement (the “**McAtee Consulting Agreement**”) with Dan McAtee (“**McAtee**”) whereby McAtee is to act in the capacity as GSB’s Chief Operating Officer. McAtee is entitled to a monthly consulting fee of USD\$6,000. GSB may terminate the Consulting Agreement at any time, for a material breach. The term of the agreement is 24 months. Upon a Change of Control McAtee may terminate within 60 days following the change of control with entitlement to a termination payment equal to the remainder of the monthly consulting fee for the term of the agreement. In connection with the agreement, McAtee was also granted 501,000 options to purchase GSB Common Shares at a strike price of CDN\$0.35 per share until February 1, 2024, which vest as to 20,875 options per month for the term of the agreement. The Proposed Transaction does not amount to a Change of Control under the Consulting Agreement. For the purpose of the McAtee Consulting Agreement, “Change of Control” means: (i) the beneficial purchase of more than 51% of the GSB Shares, (ii) the amalgamation, consolidation or merger of GSB with any other corporation after which new shareholders own greater than 51% of the amalgamated company voting shares, (iii) the sale, lease or transfer by GSB of all or substantially all of the assets of GSB to any person other than a related corporation; or (iv) the approval by the shareholders of GSB of the liquidation, dissolution or winding-up of GSB.

On March 31, 2019, GSB entered into an Executive Consulting Agreement (the “**ACM Consulting Agreement**”) with ACM Management Inc. (“**ACM**”) whereby ACM would provide the services of Alex McAulay to act as GSB’s Chief Financial Officer. ACM is entitled to a monthly consulting fee of CDN\$2,500 plus any hourly fees charged by ACM supporting staff as necessary. GSB may terminate the Consulting Agreement at any time, for a material breach. The term of the agreement is 3 months, to be automatically renewed for further 3 month periods at the end of each term at the option of GSB.

To date, GSB has not paid any bonus, perquisites or benefits under its employment or consulting agreements.

### **Director Compensation**

The Board believes that directors should be provided with incentives to focus on long-term shareholder value. The Board believes that including equity options as part of director compensation helps align the interest of directors with those of the Resulting Issuer’s shareholders. The Resulting Issuer seeks to attract exceptional talent to its Board. Therefore, the Resulting Issuer’s policy will be to compensate directors competitively relative to comparable companies. The Resulting Issuer’s Audit Committee will, from time to time, present a report to the Board comparing the Resulting Issuer’s director compensation with that of comparable companies. It is anticipated that the Resulting Issuer will pay compensation to its directors in the form of annual fees for attending meetings of the Resulting Issuer Board. Directors may receive additional compensation for acting as chairs of committees of the Resulting Issuer Board. Directors will also be entitled to receive stock options in accordance with the terms of the New Stock Option Plan and the CSE requirements and will be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Resulting Issuer Board, committees of the Resulting Issuer Board or meetings of the shareholders of the Resulting Issuer. It is also anticipated that the Resulting Issuer will obtain customary insurance for the benefit of its directors and enter into indemnification agreements with its directors pursuant to which the Resulting Issuer will agree to indemnify its directors to the extent permitted by applicable law.

## **16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Upon completion of the Proposed Transaction, none of the directors or officers of the Resulting Issuer, nor any of their associates, will be indebted to the Resulting Issuer, and neither will any indebtedness of any of these individuals or Associates to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer.

## **17. RISK FACTORS**

Ownership of Resulting Issuer Common Shares is subject to certain risks. Upon completion of the Proposed Transaction, the current business of GSB will become the business of the Resulting Issuer. Shareholders should consider the risks set forth below and those described elsewhere in this Listing Statement, which are in addition to

the usual risks associated with an investment in a business at a relatively early stage of development. The directors of the Resulting Issuer consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with Bethpage or the Resulting Issuer's business, actually occur, Bethpage's or the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Bethpage or the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

References below to "GSB" shall, as the context permits or requires, be read to include the Resulting Issuer upon Closing.

### **Limited operating history**

GSB is subject to many risks common to early stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, history of losses and lack of substantial revenues. There is no assurance that GSB will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its relatively early stage of operations. Because GSB has a relatively limited operating history in emerging area of business, you should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

Historically GSB has financed its operations through equity financing. While GSB has begun to generate revenues, these revenues may not be sufficient to support future GSB operations or plans for business development. There is no assurance GSB will be able to maintain the current level of revenue or access further equity. Due to the fact GSB operates a cannabis-related business certain financing options may not be available to GSB. If GSB is unable to sustain or grow its revenue and not be able to attract further equity financing, GSB may not be able to pay liabilities as they become due and thereby would suffer significant financial damage.

GSB's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

### **Reliance on single stream of income**

Pursuant to the Cowlitz License Agreement, GSB relies on a single source of income, being its business relationship with Cowlitz. Cowlitz is a Washington State company engaging in the cannabis production, processing and retail business. Cowlitz holds a marijuana producer license and marijuana processor license, both issued by the WSLCB. Cowlitz's activities and resources have been focused on Washington State. GSB expects to continue to primarily be in a business relationship with Cowlitz for the foreseeable future. Adverse changes or developments affecting Cowlitz, or marijuana businesses generally could have a material and adverse effect on GSB's business, financial condition. Exercise of the Cowlitz Option Agreement directly by GSB is currently prohibited under WSLCB regulations and there is no assurance that GSB will ever be able to exercise such option.

### **Results of operations may differ materially from the expectations of management**

The Resulting Issuer's actual financial position and results of operations may differ materially from management's expectations. As a result, the Resulting Issuer's revenue, net income and cash flow may differ materially from

projected revenue, net income and cash flow. The process for estimating the Resulting Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Issuer's financial condition or results of operations.

#### **Nature of the business model**

The primary businesses of GSB are intended to be: (i) the leasing of turnkey commercial real estate to marijuana producers and processors in Washington State; and (ii) the providing of other products and services to marijuana producers and marijuana processors in Washington State. Because the production and sale of recreational cannabis remain illegal under United States federal law, it is possible that GSB's business partners (and other third-party service providers) and customers may be forced to cease activities. The U.S. federal government, through both the Drug Enforcement Agency ("DEA") and Internal Revenue Service ("IRS"), has the right to actively investigate, audit and shut-down marijuana growing facilities and retailers. The U.S. federal government may also attempt to seize the Resulting Issuer's property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down a tenant's operations will have an adverse effect on the Resulting Issuer's business, operating results and financial condition.

#### **Probable lack of business diversification**

Because the Resulting Issuer will be focused on developing its business ancillary to the cannabis industry, and potentially directly in the cannabis industry, the prospects for the Resulting Issuer's success will be dependent upon the future performance and market acceptance of the Resulting Issuer's services. The prospects for the Resulting Issuer's success may become dependent upon the development or market acceptance of a very limited number of services.

#### **The Resulting Issuer may face significant competition from competitors**

Many other businesses in the Washington State engage in similar activities to the Resulting Issuer, leasing commercial space to marijuana producers and marijuana processors, and providing additional products and services to similar customers. The Resulting Issuer cannot assure you that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Resulting Issuer could have a material adverse effect on its business, operating results and financial condition.

#### **The Resulting Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations**

The Resulting Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Resulting Issuer's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's 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 Issuer. The Resulting Issuer's efforts to grow its business may be costlier than expected, and the Resulting Issuer may not be able to increase its revenue enough to offset its higher operating expenses. The Resulting Issuer may incur significant losses in the future for a number of reasons, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Issuer is unable to achieve and sustain profitability, the market price of the Resulting Issuer Shares may significantly decrease.

**Officers and directors control a large percentage of the Resulting Issuer's issued and outstanding shares and such officers and directors may have the ability to control matters affecting the Resulting Issuer and its business.**

The officers and directors of the Resulting Issuer will own a significant number of the issued and outstanding Resulting Issuer Shares. The Resulting Issuer shareholders nominate and elect its board, which generally has the ability to control the acquisition or disposition of the Resulting Issuer's assets, and the future issuance of shares or other securities. Accordingly, for any matters with respect to which a majority vote of the Resulting Issuer Shares may be required by law, the directors and officers may have the ability to control such matters. Because the directors and officers control a substantial portion of such Resulting Issuer Shares, investors may find it difficult or impossible to replace the directors if they disagree with the way the business is being operated.

**There is no assurance that the Resulting Issuer will turn a profit or generate immediate revenues.**

There is no assurance as to whether the Resulting Issuer will be profitable, earn revenues, or pay dividends. The Resulting Issuer has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends. In the event that any of the Resulting Issuer's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Resulting Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

**GSB may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.**

If the Resulting Issuer implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of financial and management controls, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Resulting Issuer intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Resulting Issuer's business and the value of the Resulting Issuer Shares.

**GSB may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.**

GSB's ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that it may develop. To the extent GSB is able to do so, to protect any proprietary rights, GSB intends to rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of GSB's intellectual property:

- (1) the market for GSB's products and services may depend to a significant extent upon the goodwill associated with its trademarks and trade names, and its ability to register certain of its intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. federal law;
- (2) patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products; GSB's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;

- (3) issued patents, trademarks and registered copyrights may not provide GSB with competitive advantages; GSB's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;
- (4) GSB's efforts may not prevent the development and design by others of products or marketing strategies similar to or competitive with, or superior to those GSB develops;
- (5) another party may assert a blocking patent and GSB would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; or
- (6) the expiration of patent or other intellectual property protections for any assets owned by GSB could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on GSB and its financial results will depend, among other things, upon the nature of the market and the position of the Issuer's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.

**GSB may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against GSB relating to intellectual property rights.**

GSB may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the business. The existence and/or outcome of any such litigation could harm the business. Further, because the content of much of GSB's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or under federal law, GSB may face additional difficulties in defending its intellectual property rights.

**GSB may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on GSB's reputation, business, results from operations, and financial condition.**

GSB may be named as a defendant in a lawsuit or regulatory action. GSB may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. Any such losses could have a material adverse effect on GSB's business, results of operations, sales, cash flow or financial condition.

**GSB faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.**

An increase in the companies competing in this industry could limit the ability of GSB to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. GSB cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by GSB could have a material adverse effect on its business, operating results and financial condition.

**If GSB is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market.**

GSB's success has depended and continues to depend upon its ability to attract and retain key management, including its Chief Executive Officer. GSB will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas.

GSB's inability to retain employees and attract and retain sufficient additional employees could have a material adverse effect on its business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of GSB, results of operations of the business and could limit GSB's ability to develop and market its cannabis-related products. The loss of any of GSB's senior management or key employees could materially adversely affect its ability to execute its business plan and strategy, and GSB may not be able to find adequate replacements on a timely basis, or at all. GSB does not maintain key person life insurance policies on any of its employees.

**There is no assurance that GSB will obtain and retain any relevant licenses.**

If obtained, any state licenses in the U.S. are expected to be subject to ongoing compliance and reporting requirements. Failure by GSB to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of GSB. Should any state in which GSB considers a license important not grant, extend or renew such license, or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of GSB could be materially adversely affected.

**Failure to successfully integrate acquired businesses, its products and other assets into the Resulting Issuer, or if integrated, failure to further the business strategy, may result in the Resulting Issuer's inability to realize any benefit from such acquisition**

GSB expects to grow by acquiring businesses. The consummation and integration of any acquired business, product or other assets into GSB may be complex and time consuming and, if such businesses and assets are not successfully integrated, GSB may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further GSB's business strategy as anticipated, expose GSB to increased competition or other challenges with respect to GSB's products or geographic markets, and expose GSB to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When GSB acquires cannabis businesses, it may obtain the rights to applications for licenses as well as licenses; however, the procurement of such applications for licenses and licenses generally will be subject to governmental and regulatory approval. There are no guarantees that GSB will successfully consummate such acquisitions, and even if consummated, the procurement of applications for licenses may never result in the grant of a license by any state or local governmental or regulatory agency and the transfer of any rights to licenses may never be approved by the applicable state and/or local governmental or regulatory agency.

**The size of the Resulting Issuer's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.**

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Resulting Issuer and, few, if any, established companies whose business model the Resulting Issuer can follow or upon whose success the Resulting Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Resulting Issuer. There can be no assurance that the Resulting Issuer's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

**The cannabis industry is experiencing rapid growth and consolidation that may cause GSB to lose key relationships and intensify competition**

The cannabis industry and businesses ancillary to and directly involved with cannabis businesses are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm GSB in a number of ways,

including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing GSB to expend greater resources to meet new or additional competitive threats, all of which could harm GSB's operating results. As competitors enter the market and become increasingly sophisticated, competition in the industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact GSB's profitability.

### **Future offerings and dilution**

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares. The Resulting Issuer's articles permit the issuance of an unlimited number of Resulting Issuer Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Resulting Issuer have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Resulting Issuer Shares will be issued on the exercise of options under the Option Plan and upon the exercise of outstanding Resulting Issuer Warrants. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Resulting Issuer's ability to pursue its business objectives.

GSB continues to sell shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders. If an investor purchases Resulting Issuer Shares in an offering, they will experience substantial and immediate dilution, because the price that they pay will be substantially greater than the net tangible book value per share of the Resulting Issuer Shares that they acquire. This dilution is due in large part to the fact that the Resulting Issuer's earlier investors will have paid substantially less than a public offering price when they purchased their shares of the Resulting Issuer's capital stock.

### **GSB currently has insurance coverage; however, because GSB operates within the cannabis industry, there are additional difficulties and complexities associated with such insurance coverage.**

The Resulting Issuer believes that it and its subsidiaries currently have insurance coverage with respect to workers' compensation, general liability, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Resulting Issuer is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with such insurance coverage that could cause the Resulting Issuer to suffer uninsured losses, which could adversely affect the Resulting Issuer's business, results of operations, and profitability. There is no assurance that the Resulting Issuer will be able to fully utilize such insurance coverage, if necessary.

### **GSB could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against GSB**

GSB is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to GSB that violate government regulations. It is not always possible for GSB to identify and deter misconduct by its employees and other third parties, and the precautions taken by GSB to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting GSB from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against GSB, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of

civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of GSB's operations, any of which could have a material adverse effect on its business, financial condition and results of operations.

**GSB will be reliant on information technology systems and may be subject to damaging cyber- attacks.**

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

GSB has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that GSB will not incur such losses in the future. GSB's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, GSB may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

**Resulting Issuer's officers and directors may be engaged in a range of business activities resulting in conflicts of interest**

Although certain officers and board members of the Resulting Issuer are expected to be bound by anti-circumvention agreements limiting their ability to enter into competing and/or conflicting ventures or businesses, the Resulting Issuer may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers and directors.

In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Resulting Issuer. In addition, from time to time, these persons may be competing with the Resulting Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.



**In certain circumstances, the Resulting Issuer's reputation could be damaged**

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

**Risk Factors Specifically Related to the United States Regulatory System**

**Investor Activity**

Investors actively investing in U.S. businesses conducting or involved in cannabis production or ancillary activities may face scrutiny or sanctions by U.S. border and customs including refusal of or lifetime ban on entry into the United States.

**Some of the Resulting Issuer's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law**

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and certain drug paraphernalia is illegal under U.S. federal law, the Resulting Issuer may be deemed to be aiding and abetting illegal activities through the contracts it has entered. The Resulting Issuer intends to lease real estate, enter into material supply agreements, and provide intellectual property to licensed marijuana producers and marijuana processors in Washington State. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Resulting Issuer, including, but not limited to, aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Resulting Issuer may be forced to cease operations and be restricted from operating in the U.S. and its investors could lose their entire investment. Such an action would have a material negative effect on the Resulting Issuer's business and operations.

**There is uncertainty surrounding the Trump Administration and its influence and policies in opposition to the cannabis industry as a whole.**

There is significant uncertainty surrounding the policies of President Donald Trump and the Trump Administration about recreational and medical cannabis. On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum. The U.S. Department of Justice has discretion to enforce federal drug laws. Accordingly, there is no certainty as to how the U.S. Department of Justice, the Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not decide to strongly enforce the federal laws. Should the federal government in the U.S. change course and decide to prosecute those dealing in medical or other cannabis under applicable law, there may not be any market for the Resulting Issuer's products and services in the U.S. Although the States Act – a bipartisan bill that would amend

the Controlled Substances Act to render the federal prohibitions on marijuana inapplicable to those states, tribes, and US territories that have legalized the drug – was introduced in June 2018, there can be no assurance that the bill will pass in its current form, or at all.

***The cannabis industry is a new industry that may not succeed.***

Cannabis is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit the Resulting Issuer to succeed. The Resulting Issuer is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

***GSB's operations the United States cannabis market may become the subject of heightened scrutiny***

GSB's operations in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to invest in and/or operate in the United States or any other jurisdiction.

***Regulatory scrutiny of the Resulting Issuer's industry may negatively impact its ability to raise additional capital.***

GSB's business activities rely on newly established and developing laws and regulations in Washington State. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes, including changes in the interpretation and/or administration of applicable regulatory requirements may adversely affect GSB's profitability or cause it to cease operations entirely. Any determination that GSB's business fails to comply with Washington's cannabis regulations would require the Resulting Issuer either to significantly change or terminate its business activities, which would have a material adverse effect.

The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the U.S. Department of Justice (the "DOJ"), the Financial Industry Regulatory Advisory or other federal, Washington State or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Resulting Issuer's industry may adversely affect its business and operations, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment.

***The Resulting Issuer may incur significant tax liabilities due to limitations on tax deductions and credits under section 280E of the Internal Revenue Code of 1986, as amended (the "Tax Code").***

Section 280E of the Tax Code prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in controlled substances which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from underpayment of taxes due to the application of Section 280E. Under a number of cases, the United States Supreme Court has held that income means gross income (not gross receipts). Under this reasoning, the cost of goods sold ("COGS") is permitted as a reduction in determining gross income, notwithstanding Section 280E. Although proper reductions for COGS are generally allowed to determine gross income, the scope of such items has been the subject of debate, and deductions for significant costs may not be permitted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favourable to cannabis businesses. Thus, the Resulting Issuer, to the extent of its "trafficking" activities (if applicable), and/or key contract counterparties directly engaged in trafficking in cannabis,

may be subject to United States federal tax, without the benefit of deductions or credits. To the extent such tax limitations create financial a burden on contract counterparties, such burdens may impact the ability of such counterparties to make full or timely payment to the Resulting Issuer, which would have a material adverse effect on its business.

**State and local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Resulting Issuer's products and brands will be approved for sale and distribution in any state**

States generally only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Certain states and local jurisdictions have promulgated certain requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While the Resulting Issuer intends to follow the guidelines and regulations of each applicable state and local jurisdiction, there is no guarantee of approval to the extent necessary. If approval is obtained, there is a risk that any state or local jurisdiction may revoke its approval based on changes in laws or regulations or based on its discretion or otherwise. In the event the Resulting Issuer expands into other U.S. jurisdictions, it plans to undertake no cross-border commerce between states until the federal regulatory environment permits such commerce to occur.

**The Resulting Issuer may have difficulty accessing the service of banks, which may make it difficult for the Resulting Issuer to operate.**

In February 2014, the Financial Crimes Enforcement Network (“FinCEN”) bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. As a result, the Issuer may have limited or no access to banking or other financial services in the United States. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. The inability or limitation in the Resulting Issuer’s or Cowlitz’s ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Resulting Issuer or Cowlitz to operate and conduct its business as planned.

**Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.**

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a “specified unlawful activity” such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Resulting Issuer may also be exposed to the foregoing risks. In the event that any of the Resulting Issuer’s investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Resulting Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Resulting Issuer has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Resulting Issuer may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite

period of time.

**U.S. federal trademark and patent protection may not be available for the intellectual property of GSB due to the current classification of cannabis as a Schedule I controlled substance.**

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark regarding the intellectual property of a business, may not be available to the Resulting Issuer. As a result, GSB's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Resulting Issuer can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

**GSB's contracts may not be legally enforceable in the U.S.**

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

**Risks Related to the Resulting Issuer's Securities**

**The Resulting Issuer cannot assure you that a market will continue to develop or exist for the Resulting Issuer Shares or what the market price of the Resulting Issuer Shares will be.**

Prior to the Resulting Issuer's proposed listing on the CSE, the Resulting Issuer's shares are listed on the NEX Board, and the Resulting Issuer cannot assure that a market will continue to develop or be sustained. If a market does not continue to develop or is not sustained, it may be difficult for investors to sell Resulting Issuer Shares at an attractive price or at all. The Resulting Issuer cannot predict the prices at which the Resulting Issuer Shares will trade.

**The Resulting Issuer may be subject to additional regulatory burden resulting from its public listing on the CSE.**

Prior to the Proposed Transaction, GSB has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. The Resulting Issuer is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to GSB's financial management control systems to manage its obligations as a public company listed on the CSE. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. GSB has made, and will continue to make, changes in these and other areas, including the Resulting Issuer's internal controls over financial reporting. However, the Resulting Issuer cannot assure holders of Resulting Issuer Shares that these and other measures that the Resulting Issuer might take will be sufficient to allow us to satisfy the Resulting Issuer's obligations as a public company listed on the CSE on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies listed on the CSE will create additional costs for the Resulting Issuer and will require the time and attention of management. The Resulting Issuer cannot predict the amount of the additional costs that the Resulting Issuer might incur, the timing of such costs or the impact that management's attention to these matters will have on the Resulting Issuer's business.

**It may be difficult, if not impossible, for U.S. holders of the Resulting Issuer Shares to resell them over the CSE.**

It has recently come to management's attention that major securities clearing firms in the U.S. have ceased participating in transactions related to securities of Canadian public companies involved in the medical marijuana industry. This appears to be due to the fact that marijuana continues to be listed as a controlled substance under U.S. federal law, with the result that marijuana-related practices or activities, including the cultivation, possession or

distribution of marijuana, are illegal under U.S. federal law. However, management understands that the action by U.S. securities clearing firms also extends to securities of companies that carry on business operations entirely outside the U.S. Accordingly, U.S. residents who acquire Resulting Issuer Shares as “restricted securities” (including any Resulting Issuer Shares pursuant to the exercise of Resulting Issuer Warrants) may find it difficult – if not impossible – to resell such shares over the facilities of any Canadian stock exchange on which the shares may then be listed. It remains unclear what impact, if any, this and any future actions among market participants in the U.S. will have on the ability of U.S. residents to resell any common shares of the Resulting Issuer that they may acquire in open market transactions.

**The market price for Resulting Issuer Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer’s control.**

The market price for Resulting Issuer Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Issuer’s control, including the following:

- (1) actual or anticipated fluctuations in the Resulting Issuer’s quarterly results of operations;
- (2) recommendations by securities research analysts;
- (3) changes in the economic performance or market valuations of companies in the industry in which the Issuer operates;
- (4) addition or departure of the Resulting Issuer’s executive officers and other key personnel;
- (5) release or expiration of lock-up or other transfer restrictions on outstanding Resulting Issuer Shares;
- (6) sales or perceived sales of additional Resulting Issuer Shares;
- (7) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or the Resulting Issuer’s competitors;
- (8) operating and share price performance of other companies that investors deem comparable to Resulting issuer; fluctuations to the costs of vital production materials and services;
- (9) changes in global financial markets and global economies and general market conditions, such as interest rates;
- (10) operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies;
- (11) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer’s industry or target markets; and
- (12) regulatory changes in the cannabis industry.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Resulting Issuer Shares may decline even if the Resulting Issuer’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer’s operations could be adversely affected and the trading price of the Resulting Issuer Shares might be materially adversely affected.

**The Resulting Issuer is subject to uncertainty regarding legal and regulatory status and changes**

Achievement of the Resulting Issuer’s business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the cannabis business in Canada and the US is currently undergoing significant proposed changes and the Resulting Issuer cannot predict the impact of the regime on its business once the structure of the regime is finalized. Any delays in obtaining, or failing to obtain, required regulatory approvals may have a

material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. The Resulting Issuer will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Resulting Issuer's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's 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 Resulting Issuer.

**The Resulting Issuer does not anticipate paying cash dividends**

The Resulting Issuer's policy is to retain earnings to finance operations and to otherwise reinvest in the Resulting Issuer. Therefore, the Resulting Issuer does not anticipate paying cash dividends on the Resulting Issuer Shares in the foreseeable future. This dividend policy will be reviewed from time to time by the Resulting Issuer's board in the context of its earnings, financial condition and other relevant factors. Until the time that the Resulting Issuer pays dividends, which it might never do, Resulting Issuer shareholders will not be able to receive a return on their Resulting Issuer Shares unless they sell them.

**Future sales of Resulting Issuer Shares by existing shareholders could reduce the market price of the Resulting Issuer shares**

Sales of a substantial number of Resulting Issuer Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Resulting Issuer Shares intend to sell Resulting Issuer Shares, could reduce the market price of the Resulting Issuer Shares. Additional Resulting Issuer Shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for Resulting Issuer Shares. Holders of Resulting Issuer Options or Resulting Issuer Warrants or Agent's Unit Options will have an immediate income inclusion for tax purposes when they exercise their Resulting Issuer Options, Resulting Issuer Warrants or Agent's Unit Options (that is, tax is not deferred until they sell the underlying Resulting Issuer Shares). As a result, these holders may need to sell Resulting Issuer Shares purchased on the exercise of Resulting Issuer Options, Resulting Issuer Warrants or Agent Options in the same year that they exercise their options. This might result in a greater number of Resulting Issuer Shares being sold in the public market, and fewer long-term holds of Resulting Issuer Shares by the Resulting Issuer's management and employees.

**No guarantee on the use of available funds by the Resulting Issuer.**

The Resulting Issuer cannot specify with certainty the particular uses of available funds. Management has broad discretion in the application of available funds. Accordingly, a purchaser of Resulting Issuer Shares will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. The Resulting Issuer's management may spend a portion or all of the available funds in ways that the Resulting Issuer's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser's investment. The failure by management to apply available funds effectively could harm the Resulting Issuer's business.

**Currency Fluctuations**

The Resulting Issuer's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Resulting Issuer's business, financial condition and operating results. The Resulting Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Resulting Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

## **18. PROMOTERS**

Ralph Olson is considered to be a promoter of the Resulting Issuer as that term is defined in the *Securities Act* (British Columbia) as he has, through the negotiation and execution of the Merger Agreement leading to the reverse take-over of Bethpage, taken the initiative in substantially reorganizing the business of Bethpage to become the reporting issuer. Mr. Olson will beneficially own or control 2,917,781 common shares, 2,917,781 purchase warrants and 1,000,000 options of the Resulting Issuer. Effective May 1, 2018, GSB entered into an Executive Employment Agreement with Ralph Olson whereunder Mr. Olson agreed to serve as the Chief Executive Officer of GSB for a term of five (5) years. Mr. Olson's base annual salary is US\$180,000 and he is eligible for an annual cash bonus and other benefits at the discretion of the board of directors. The agreement may be terminated by either of Mr. Olson or GSB at any time with or without cause. In the event that Mr. Olson has a Separation from Service as a result of GSB terminating his employment without cause after May 1, 2019, (1) Mr. Olson's right to exercise all then outstanding stock options granted to him shall fully and immediately vest on the effective date of his Separation from Service; (2) GSB shall pay to Executive in a lump sum (less applicable tax withholdings) an amount equal to: (i) twenty four (24) months base salary (paid in accordance with GSB's usual payroll procedures); and (ii) any annual bonus allocable or payable prior to the date of termination. Mr. Olson will not receive anything of value from the Resulting Issuer and has no entitlement to receive anything of value except as set forth in this Prospectus.

See "*Executive Compensation*", "*Directors and Executive Officers*" and "*Material Contracts*".

## **19. LEGAL PROCEEDINGS**

There are no actual or contemplated legal proceedings material to Bethpage or GSB, or a subsidiary of Bethpage or GSB, or of which any of their respective property is the subject matter of, and there are no such proceedings known to Bethpage or GSB to be contemplated.

There have been no penalties or sanctions imposed against Bethpage or GSB by a court or regulatory authority, and neither Bethpage or GSB has entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this Listing Statement.

## **20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No proposed director or executive officer of the Resulting Issuer, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than ten percent (10%) of the Resulting Issuer Common Shares, or an associate or affiliate thereof, had any material interest, direct or indirect, in any transaction within the three (3) years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect Bethpage, GSB or a subsidiary of Bethpage or GSB, or the Resulting Issuer, except as disclosed in the Bethpage or GSB Financial Statements.

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

### ***Auditor***

The auditor of Bethpage is Dale Matheson Carr-Hilton Labonte LLP, 1500 – 1140 West Pender St., Vancouver, BC T2N 1M7. The auditor of the Resulting Issuer following the completion of the Proposed Transaction will be Manning Elliott LLP, 1700-1030 W. Georgia St., Vancouver, BC V6E 2Y3.

### ***Transfer Agent and Registrar***

The registrar and transfer agent of the Bethpage Common Shares is Computershare Trust Company of Canada at its Vancouver office located at 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, BC V6C 3B9.

The registrar and transfer agent for Resulting issuer Common Shares subsequent to the completion of the Proposed Transaction will be Computershare Trust Company of Canada.

## **22. MATERIAL CONTRACTS**

The material contract, other than contracts entered into in the ordinary course of business that were entered into within the two (2) years before the date of this Listing Statement by Bethpage and GSB are set out below:

1. The Merger Agreement (attached as *Appendix A* to this Listing Statement). See “*Bethpage Significant Acquisitions or Dispositions*” for a general description of the terms of the Merger Agreement.
2. The IP Agreement;
3. The Cowlitz License Agreement;
4. The Lease Assignment;
5. The Sublease Agreement;
6. The Agency Agreement;
7. The Cowlitz Option Agreement;
8. The Olson Employment Agreement;
9. The Usher Consulting Agreement;
10. The McAtee Consulting Agreement
11. The ACM Consulting Agreement;
12. The Progressive JV Agreement;
13. The Capri Sublicense;
14. The Progressive Note;
15. The Pooling Agreement;
16. Subscription agreements for May 2018 common shares closing containing legending restrictions (See “*Escrowed Securities*”).

A copy of these material contracts are and will be available for inspection without charge at the office of TingleMerrett LLP, 1250, 639 – 5 Avenue SW, Calgary, Alberta, T2P 0M9, during ordinary business hours from the date hereof until the completion of the Proposed Transaction.

## **23. INTERESTS OF EXPERTS**

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants are Bethpage's independent auditors. Dale Matheson Carr-Hilton Labonte LLP have confirmed they are independent in accordance with the rules of professional conduct of Chartered Professional Accountants of British Columbia, and accordingly have no direct or indirect interest in the property of Bethpage and do not own, directly or indirectly, any securities of Bethpage. No partner or associate of Dale Matheson Carr-Hilton Labonte LLP is or is expected to be elected, appointed or employed as a director, officer or employee of Bethpage or of any associate or affiliate of Bethpage.



As at the date hereof, partners and associates of Manning Elliott LLP, GSB's current auditors do not own, directly or indirectly, and securities of GSB. As of the date hereof, partners and associates of Manning Elliott LLP, who conducted the audit of the GSB financial statements, have no direct or indirect interest in the property of GSB and do not own, directly or indirectly, and securities of GSB. No partner or associate of Manning Elliott LLP is or is expected to be elected, appointed or employed as a director, officer or employee of GSB or of any associate or affiliate of GSB.

#### **24. OTHER MATERIAL FACTS**

There are no other material facts about Bethpage or its securities, GSB or its securities, the Resulting Issuer, or the Proposed Transaction that are not elsewhere disclosed herein and which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to Bethpage, GSB and their respective securities, and the Resulting Issuer, assuming completion of the Proposed Transaction.

#### **25. FINANCIAL STATEMENTS**

##### ***Bethpage***

The audited financial statements of Bethpage and the notes thereto for the years ended December 31, 2018, 2017 and 2016 are attached as *Appendix B* to this Listing Statement.

##### ***GSB***

The unaudited interim financial statements of GSB for the six month period ended February 28, 2019, and the notes thereto and the audited financial statements of GSB and the notes thereto for the period ended August 31, 2018, attached as *Appendix D* to this Listing Statement.

**APPENDIX A  
MERGER AGREEMENT**

## AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of the \_\_\_\_ day of February, 2019

AMONG:

**BETHPAGE CAPITAL CORP.**, a corporation existing under the laws of Alberta (“**Bethpage**”);

-and-

**2173969 ALBERTA LTD.**, a corporation existing under the laws of the Province of Alberta (“**Bethpage SubCo**”);

-and-

**GREEN STAR BIOSCIENCES INC.**, a corporation existing under the laws of the Province of Alberta (“**Green Star**”);

**WHEREAS** Green Star and Bethpage SubCo propose to amalgamate pursuant to Section 181 of the Act (as defined below) to form a new amalgamated company (“**Amalco**”) and pursuant to a three-cornered amalgamation, in connection with which Bethpage will issue certain of its securities to the former securityholders of Green Star in exchange for Common Shares of the Amalco;

**AND WHEREAS** the board of directors of Green Star has unanimously: (i) determined that the transactions contemplated by this Agreement are fair and in the best interests of Green Star and the Green Star Shareholders; (ii) approved this Agreement and the transactions contemplated hereby; and (iii) determined to recommend that the Green Star Shareholders vote in favour of the transactions contemplated by this Agreement;

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT** in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree with each other as follows:

### ARTICLE I DEFINITIONS

1.1 **Definitions.** In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following words and terms set forth in this Article I shall have the following meanings:

- (a) “**Acquisition Proposal**” means any merger, amalgamation, consolidation, arrangement, business combination, recapitalization, take-over bid, sale of material assets, material sale of treasury shares or rights or interests therein or thereto (other than a public offering of treasury shares where no individual shareholder, or any shareholders acting jointly and in concert would, on Closing, hold on 20% of the then outstanding shares) or any other transaction involving 20% or more of the outstanding voting shares or similar transactions involving either Green Star or Bethpage, or a proposal or offer, written or verbal to do so, excluding the transactions contemplated hereby;
- (b) “**Act**” means the *Business Corporations Act* (Alberta), as now in effect and as it may be amended from time to time prior to the Effective Date;
- (c) “**Agreement**” means this Agreement and all instruments supplemental hereto or in amendment or confirmation hereof; “herein”, “hereof” and similar expressions mean and refer to this Agreement and not to any particular article, section, clause or subclause; and “Article”, “Section”, “clause” or “subclause” means and refers to the specified article, section, clause or subclause of this Agreement, and where applicable, the Schedule hereto;

- (d) “**Amalco**” means the corporation to be constituted upon completion of the Amalgamation to be named “Green Star Biosciences Inc.”, or such other name as shall be determined in the sole discretion of Green Star;
- (e) “**Amalco Share**” means the common shares in the capital of Amalco upon completion of the Amalgamation;
- (f) “**Amalgamating Corporations**” means, collectively, Green Star and Bethpage SubCo;
- (g) “**Amalgamation**” means the amalgamation of Green Star and Bethpage SubCo pursuant to this Agreement and in accordance with the Act;
- (h) “**Amalgamation Resolution**” means the special resolution in respect of the Amalgamation to be considered by the Green Star Shareholders;
- (i) “**Applicable Securities Laws**” includes, without limitation, all applicable securities, corporate and other laws, rules, regulations, instruments, notices, blanket orders, decision documents, published statements, circulars, published procedures and policies in the Provinces of Alberta and British Columbia and any other Province in which securities of Bethpage or Green Star (as applicable) have or will be issued;
- (j) “**Arm’s Length**” has the same meaning ascribed thereto in the Tax Act;
- (k) “**Articles of Amalgamation**” means the proposed articles of amalgamation in respect to the Amalgamation as set forth in Schedule “A” hereto;
- (l) “**Bethpage**” means Bethpage Capital Corp., a corporation existing under the laws of British Columbia;
- (m) “**Bethpage Disclosure Letter**” means the disclosure letter of Bethpage to be delivered to Green Star in accordance with the terms of this Agreement and which forms part of this Agreement;
- (n) “**Bethpage Shares**” means common shares in the capital of Bethpage;
- (o) “**Bethpage SubCo**” means 2173969 Alberta Ltd., a wholly owned subsidiary of Bethpage;
- (p) “**Bethpage SubCo Share**” means the common shares in the capital of Bethpage SubCo as presently constituted;
- (q) “**Bethpage SubCo Shareholder**” means Bethpage;
- (r) “**Bethpage’s Business**” means operating as a reporting issuer without any active business; and
- (s) “**Bethpage’s Financial Statements**” means the audited financial statements of Bethpage for the years ended December 31, 2017 and 2016 consisting of the statement of financial position, interim statement of comprehensive loss, statement of changes in shareholders’ equity, statements of cash flows and all notes thereto and the unaudited financial statements of Bethpage for the nine months ended September 30, 2018 consisting of the interim statement of financial position, interim statement of comprehensive loss, statement of changes in shareholders’ equity, statements of cash flows and all notes thereto;
- (t) “**Bethpage Termination Event**” means the termination of this agreement by Bethpage pursuant to Section 7.1 (a), (c) or (d);

- (u) “**Business Day**” means a day other than a Saturday or Sunday on which the principal commercial banks located in Calgary, Alberta, are open for business during normal banking hours;
- (v) “**Closing**” or “**Closing Date**” means the completion of the Amalgamation as set forth herein, including the issuance of Resulting Issuer Shares described herein, which is intended to take place on the Effective Date;
- (w) “**Consolidation**” means the consolidation of the Bethpage Shares on the basis of one post-consolidated Bethpage Share for every two pre-consolidated Bethpage Shares issued and outstanding;
- (x) “**Consolidation Resolution**” means the resolution of the Bethpage directors to approve the completion of the Consolidation;
- (y) “**CSE**” means the Canadian Securities Exchange”;
- (z) “**Dissent Rights**” means the rights of dissent in respect of the Amalgamation as provided in s. 191 of the Act;
- (aa) “**Effective Date**” means the date of Amalgamation as set forth in the certificate of amalgamation for Amalco;
- (bb) “**Effective Time**” means the time on the Effective Date on which the Amalgamation is completed;
- (cc) “**GAAP**” means Generally Accepted Accounting Principles, being the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with such principles;
- (dd) “**Green Star**” means Green Star Biosciences Inc., a private corporation existing under the laws of the Province of Alberta;
- (ee) “**Green Star 1 Units**” means 33,399,994 units at a price of \$0.05 per unit for aggregate gross proceeds of \$1,670,000, each unit consisting of one Green Star Share and one-half Green Star 1 Warrant;
- (ff) “**Green Star 2 Units**” means 9,666,804 units at a price of \$0.35 per unit for aggregate gross proceeds of \$3,383,399, each unit consisting of one Green Star Share and one Green Star 2 Warrant;
- (gg) “**Green Star 1 Warrant**” means one share purchase warrant of Green Star, with each warrant entitling the holder thereof to purchase an additional Green Star Share at a price of \$0.10 per Green Star Share expiring May 10, 2020;
- (hh) “**Green Star 2 Warrant**” means one share purchase warrant of Green Star, with each warrant entitling the holder thereof to purchase an additional Green Star Share at a price of \$0.75 per Green Star Share two years from the date of issue;
- (ii) “**Green Star 3 Warrant**” means one share purchase warrant of Green Star, with each warrant entitling the holder thereof to purchase an additional Green Star Share at a price of \$0.35 per Green Star Share two years from the date of issue;
- (jj) “**Green Star Disclosure Letter**” means the disclosure letter of Green Star delivered to Bethpage in accordance with the terms of this Agreement and which forms part of this Agreement;

- (kk) **“Green Star Dissenting Shareholder”** means a shareholder of Green Star who has exercised their Dissent Rights;
- (ll) **“Green Star Financings”** means the following private placements being undertaken or completed by Green Star that affect the Proposed Transaction:
  - (i) private placement of 33,399,994 Green Star 1 Units for aggregate gross proceeds of \$1,670,000;
  - (ii) private placement of 15,659,800 Green Star Shares at a price of \$0.20 per share. Finders were paid cash commissions equal to 7% of the gross proceeds from this financing and were issued 700,000 finder warrants (**“Green Star 1 Finder Warrants”**) equal to 7% of the Green Star 1 Units issued under the financing, with each Green Star Finder Warrant entitling the holder thereof to purchase one Green Star Share at a price of \$0.20 per Green Star Share for a period of two years from the date such Green Star 1 Finder Warrant was issued;
  - (iii) private placement of 9,666,804 units (each a **“Green Star 2 Unit”**) for aggregate gross proceeds of \$3,383,399. Brokers were paid cash commissions equal to 7% of the gross proceeds from this financing and were issued 445,095 broker warrants (**“Green Star Unit Broker Warrant”**) equal to 7% of the Green Star 2 Units issued under the financing, with each Green Star Unit Broker Warrant entitling the holder thereof to purchase one Green Star 2 Unit at a price of \$0.35 per Green Star Share for a period of two years from the date such Green Star Unit Broker Warrant was issued;
- (mm) **“Green Star 1 Finder Warrant”** has the meaning set forth in subsection (dd)(ii) hereof;
- (nn) **“Green Star 2 Finder Warrant”** means 189,950 finder warrants, each warrant exercisable into one Green Star Share upon payment of \$0.35 for a period of two years from the date such Green Star 2 Finder Warrant was issued;
- (oo) **“Green Star Options”** means 4,700,008 options, each such option entitling the holder thereof to purchase an additional Green Star Share as follows:
  - (i) \$0.20 per Green Star Share expiring on May 30, 2028; and
  - (ii) \$0.35 per Green Star Share expiring on January 15, 2024.
- (pp) **“Green Star Option Holders”** means holders of the Green Star options as set out in the Green Star Disclosure Letter;
- (qq) **“Green Star Performance Warrants”** means 4,655,992 share purchase warrants of Green Star entitling the holder thereof to purchase one Green Star Share at a price of \$0.35 per Green Star Share until May 18, 2026;
- (rr) **“Green Star Share”** means a fully paid and non-assessable Class A common share in the capital of Green Star as presently constituted;
- (ss) **“Green Star Shareholders”** means the holders of Green Star Shares as set out in the Green Star Disclosure Letter, each a Green Star Shareholder;
- (tt) **“Green Star’s Assets”** means all of the material assets of Green Star including those other assets set out in the Green Star Disclosure Letter;

- (uu) “**Green Star’s Business**” means business of developing contractual and joint venture relationships with producers, processors, cultivators and distributors of cannabis and biopharmaceutical previously and heretofore carried on and proposed to be carried on by Green Star;
- (vv) “**Green Star’s Financial Statements**” means the audited consolidated financial statements of Green Star for the period ended August 31, 2018 consisting of the statement of financial position, interim statement of comprehensive loss, statement of changes in shareholders’ equity, statements of cash flows and all notes thereto and the unaudited financial statements of Green Star for the three months ended November 30, 2018 consisting of the interim statement of financial position, interim statement of comprehensive loss, statement of changes in shareholders’ equity, statements of cash flows and all notes thereto;
- (ww) “**Green Star Termination Event**” means the termination of this agreement by Green Star pursuant to Section 7.1 (a) or (b);
- (xx) “**Green Star Unit Broker Warrant**” has the meaning set forth in subsection (aa)(iii) hereof;
- (yy) “**Green Star Warrants**” means collectively, the Green Star 1 Warrants, the Green Star 2 Warrants, the Green Star 3 Warrants, the Green Star 1 Finders Warrants, the Green Star 2 Finders Warrants, the Green Star Performance Warrants, and the Green Star Broker Warrants;
- (zz) “**Green Star Warrantholders**” means the holders of the Green Star Warrants, as set out in the Green Star Disclosure Letter;
- (aaa) “**IFRS**” means International Financial Reporting Standards, being the International Financial Reporting Standards of accounting, applicable as at the date on which such calculation is made or required to be made in accordance with such standards;
- (bbb) “**Initial Public Offering**” means the listing of the securities of an issuer on a Recognized Stock Exchange through the issuance of treasury shares to the public;
- (ccc) “**Material Adverse Effect**” means, when used in connection with a company, any change or effect (or any condition, event or development involving a prospective change or effect) in or on the business, operations, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights or liabilities, whether contractual or otherwise, of the company, taken as a whole, and which change or effect may reasonably be expected to significantly reduce the value of the equity securities of the company other than a change or effect: (i) which arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by the company to the other party prior to the date hereof; (ii) resulting from conditions affecting the cannabis industry as a whole; or (iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions (including without limitation commodity prices, changes in taxation laws or currency exchange rates);
- (ddd) “**Material Fact**” in relation to any party hereto includes, without limitation, any fact that significantly affects, or would reasonably be expected to have a significant effect on, the price or value of the shares of such party;
- (eee) “**Merger Proposal**” means any merger, amalgamation, consolidation, arrangement, business combination, recapitalization, take-over bid, sale of material assets, material sale of treasury shares or rights or interests therein or thereto (other than an Initial Public Offering) or similar transactions involving Green Star, or a proposal or expression of interest to do so, excluding the transactions contemplated hereby;
- (fff) “**Name Change**” means the change of Bethpage’s name to “GreenStar Biosciences Corp.”;

- (ggg) “**Name Change Resolution**” means a resolution of the Bethpage directors authorizing the directors of Bethpage to name change of the Resulting Issuer in its discretion;
- (hhh) “**Person**” means any individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (iii) “**Proposed Transaction**” means the proposed acquisition by Bethpage of all of the issued and outstanding securities of Green Star, upon the terms and subject to the conditions set forth in this Agreement and as described herein;
- (jjj) “**Public Record**” means all information filed by or on behalf of Bethpage on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com), and any other information filed with any securities commission in compliance, or intended compliance, with any Applicable Securities Laws;
- (kkk) “**Recognized Stock Exchange**” means the Toronto Stock Exchange, the TSX Venture Exchange or the Canadian Securities Exchange;
- (lll) “**Resulting Issuer**” means Bethpage (which shall have completed the Name Change to “GreenStar Biosciences Corp.”) as it exists after completion of the Proposed Transaction;
- (mmm) “**Resulting Issuer Options**” means 4,700,008 options, each such option entitling the holder thereof to purchase an additional Resulting Issuer Share as follows:
  - (i) \$0.20 per Resulting Issuer Share expiring on May 30, 2028; and
  - (ii) \$0.35 per Resulting Issuer Share expiring on January 15, 2024;
- (nnn) “**Resulting Issuer Share**” means a common share in the capital of the Resulting Issuer, after giving effect to the Proposed Transaction, including the Consolidation;
- (ooo) “**Tax Act**” means the *Income Tax Act* (Canada), as it may be amended from time to time and any successor thereto. Any reference herein to a specific section or sections of the Tax Act, or regulations promulgated thereunder, shall be deemed to include a reference to all corresponding provision of future law;
- (ppp) “**Termination Fee**” means an amount equal to \$336,000; and
- (qqq) “**Third Party**” means any Person other than the parties to this Agreement.

1.2 **Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are in Canadian funds.

1.3 **Tender.** Any tender of documents or money hereunder may be made upon the Parties or their respective counsel and money may be tendered by bank draft or by certified cheque.

1.4 **Number and Gender.** Where the context requires, words imparting the singular shall include the plural and vice versa, and words imparting gender shall include all genders.

1.5 **Headings.** Article and Section headings contained in this Agreement are included solely for convenience, are not intended to be full or accurate descriptions of the content thereof and shall not be considered part of this Agreement or affect the construction or interpretation of any provision hereof.

1.6 **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with GAAP or IFRS, as the case may be.



1.7 **Date for any Action.** In the event that any date by or on which any action is required or permitted to be taken hereunder by any of the parties is not a Business Day in the place where the action is required or permitted to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.8 **To the Best Knowledge.** Whenever a representation and warranty herein is qualified by the phrase “to the knowledge of” or words to the similar effect, such qualification refers to the actual knowledge of the Person giving the representation and warranty and the knowledge that they would have had if they had conducted a reasonable inquiry of senior management of the Person into the relevant subject matter thereof.

1.9 **Schedules.** The Schedules to this Agreement, the Bethpage Disclosure Letter and the Green Star Disclosure Letter shall be construed with and be considered an integral part of this Agreement to the same extent as if the same had been set forth *verbatim* herein. The following Schedule is attached hereto:

Schedule “A” Articles of Amalgamation

## ARTICLE II AMALGAMATION

2.1 **Agreement to Amalgamate.** The Amalgamating Corporations do hereby agree to amalgamate pursuant to the provisions of Section 181 of the Act as of the Effective Date and to continue as one corporation on the terms and conditions set out in this Agreement.

2.2 **Name.** The name of Amalco shall be “Green Star Biosciences Inc.”, or such other name as shall be determined in the sole discretion of Green Star.

2.3 **Registered Office.** The registered office of Amalco shall be Suite 1250, 639 – 5<sup>th</sup> Ave. SW, Calgary, AB, T2P 0M9.

2.4 **Authorized Capital.** Amalco shall be authorized to issue one class of shares consisting of an unlimited number of shares to be designated as “common voting shares” which shall have the rights, privileges, restrictions and conditions set forth in the Articles of Amalgamation, set forth in Schedule “A” hereto.

2.5 **Fiscal Year End.** The fiscal year end of Amalco shall be the year end of Green Star.

2.6 **Number of Directors.** The board of directors of Amalco shall, until otherwise changed in accordance with the Act, consist of a minimum number of one and a maximum number of ten directors.

2.7 **Business.** There shall be no restrictions on the business which Amalco is authorized to carry on.

2.8 **Initial Directors.** The first director of Amalco shall be the person whose name and residential address appears below:

<u>Name</u>	<u>Address</u>	<u>Resident Canadian</u>
Scott Reeves	1250, 639 – 5 <sup>th</sup> Avenue SW Calgary, Alberta, T2P 0M9	Yes

Such director shall hold office until the next annual meeting of shareholders of Amalco or until his successor is elected or appointed.

2.9 **Amalgamation.** On the Effective Date, subject to Article III of this Agreement, the issued Green Star Shares and other securities of Green Star held by securityholders thereof will be cancelled and such securityholders of Green Star shall receive securities of the Resulting Issuer as set forth in Article III. The property of each of

Bethpage SubCo and Green Star shall continue to be the property of Amalco and Amalco shall continue to be liable for the obligations of each of Bethpage SubCo and Green Star.

2.10 **By-Laws.** The by-laws of Amalco, until repealed, amended or altered, shall be the by-laws of Green Star.

2.11 **Filing of Documents.** Upon the shareholders of each of the Amalgamating Corporations approving this Agreement by special resolution in accordance with the Act, the Amalgamating Corporations shall jointly file with the director, under the Act, Articles of Amalgamation and such other documents as may be required.

2.12 **Stated Capital.** The stated capital of Amalco immediately after the Amalgamation becomes effective shall be equal to the aggregate stated capital of each of the Amalgamating Corporations.

2.13 **Amendments to Structure.** Notwithstanding the foregoing, the parties hereto agree that the foregoing structure for the Amalgamation may be amended to accommodate certain tax planning and operational efficiencies of either Party provided that such amendments shall not have a detrimental effect on either Party and shall not negatively impact the business combination of Bethpage and Green Star evidenced hereby.

### **ARTICLE III ISSUANCE OF AMALCO AND THE RESULTING ISSUER SECURITIES**

3.1 **Issuance of Shares.** In consideration of the agreement of the parties and their respective shareholders to the actions set forth herein, on the Effective Date:

- (a) each one (1) issued and outstanding Bethpage SubCo Share shall be converted into one (1) fully paid non-assessable Amalco Share;
- (b) each one (1) issued and outstanding Green Star Share shall be converted into one (1) fully paid and non-assessable Resulting Issuer Share;
- (c) the parties agree, subject to all required consents and regulatory approvals, each Green Star Option which is outstanding and has not been duly exercised prior to the Effective Date, shall be exchanged for an option (each, a “**Replacement Option**”) entitling such holder to receive one Resulting Issuer Shares for each Green Star Share previously issuable under such Green Star Option, at an exercise price per one Resulting Issuer Share equal to the respective exercise prices per Green Star Share under such Green Star Option. All other terms and conditions of the Replacement Option, including the term to expiry, conditions to and manner of exercising, will remain the same and shall be governed by the terms of any certificate or option agreement previously evidencing the Green Star Option shall thereafter evidence and be deemed to evidence such Replacement Option;
- (d) the Parties agree, subject to all required regulatory approvals, that pursuant to the terms of the agreements governing the Green Star Warrants, holders of Green Star Warrants shall, following consummation of the Amalgamation, be entitled to acquire, subject to the terms and conditions of the Green Star Warrants, one Resulting Issuer Share in lieu of each one Green Star Share that would otherwise be issued pursuant to the terms of the Green Star Warrants (or if required, amend or replace any Green Star Warrants to give effect to this section); and
- (e) in consideration for the issuance of Resulting Issuer Shares under Subsection 3.1(b), the Resulting Issuer will receive one (1) fully paid and non-assessable Amalco Share for each one (1) Resulting Issuer Share issued.

3.2 **Fractional Shares.** No fractional shares or convertible securities shall be issued by the Resulting Issuer pursuant to this Agreement. Any exchange that results in less than a whole number of shares or convertible securities shall be rounded up to the next whole number.

3.3 **Restrictions on Securities.** The parties acknowledge and agree that foregoing securities of the Resulting Issuer issued pursuant to the terms and conditions provided herein will be subject to compliance with Applicable Securities Laws.

3.4 **Share Certificate;** On the Effective Date:

- (a) each Green Star Shareholder may exercise Dissent Rights in respect of the Amalgamation. Green Star Dissenting Shareholders who exercise their rights of dissent pursuant to and in the manner set forth in section 191 of the Act in connection with the Amalgamation shall, at the Effective Time, cease to have any rights as a Green Star Shareholder and shall only be entitled to be paid the fair value of the holder's Green Star Shares by Green Star in accordance with section 191 of the Act. A Green Star Dissenting Shareholder who is entitled to be paid the fair value of the holder's Green Star Shares shall be deemed to have transferred its Green Star Shares to Green Star and such Green Star Shares shall be cancelled and cease to be outstanding as of the Effective Time, without any further act or formality free and clear of all liens or encumbrances. A Green Star Dissenting Shareholder who for any reason is not entitled to be paid the fair value of the holder's Green Star Shares shall be treated as if the holder had participated in the Amalgamation on the same basis as non-dissenting Green Star Shareholders;
- (b) other than any Green Star Dissenting Shareholder, the Green Star Shareholders shall cease to be holders of Green Star Shares and shall be deemed to be the registered holders of Resulting Issuer Shares to which they are entitled, calculated in accordance with the provisions hereof;
- (c) certificates representing the Resulting Issuer Shares issuable to each Green Star Shareholder pursuant to the Amalgamation will, as soon as practicable, but no later than three (3) Business Days following the Effective Date will be forwarded to Green Star at the registered addresses set out in the Green Star Disclosure Letter by first class mail (postage prepaid); and
- (d) all certificates formerly representing Green Star Shares shall cease to represent a right or claim of any kind or nature whatsoever except for the right to receive Resulting Issuer Shares in exchange therefore, or, in the case of Green Star Dissenting Shareholders, the right to receive fair value therefore in accordance with s. 191 of the Act.

3.5 **Green Star Board Recommendation**

- (a) Green Star represents that its board of directors has unanimously determined that:
  - (i) the Amalgamation is fair from a financial point of view to the Green Star Shareholders and is in the best interests of Green Star and its shareholders; and
  - (ii) Green Star's board of directors will unanimously recommend that Green Star Shareholders vote in favour of the Amalgamation, which recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.
- (b) Green Star represents that its directors, officers and those shareholders holding 10% or more of the issued and outstanding voting shares of Green Star have advised it that, as at the date hereof, they intend to vote any Green Star Shares held by them in favour of the Amalgamation.

3.6 **Bethpage Name Change and Delisting**

Bethpage shall use the best efforts to take all action necessary in accordance with Applicable Securities Laws, other applicable Canadian laws, the Bethpage governing documents and any other regulatory authority having jurisdiction, to obtain a written resolution of the Bethpage directors or shareholders, as necessary to affect the Name Change, the Consolidation and the delisting of the Bethpage Shares from the TSX Venture Exchange.

3.7 **Green Star Shareholder Approval**

Green Star shall take all action necessary in accordance with Applicable Securities Laws, other applicable Canadian laws, the Green Star governing documents and any other regulatory authority having jurisdiction, to obtain the approval of the Green Star Shareholders to approve the Amalgamation and related matters. Green Star will provide notice to Bethpage of every Green Star Shareholder that exercises Dissent Rights.

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES**

4.1 **Representations and Warranties of Bethpage.** Bethpage hereby represents and warrants to Green Star that:

- (a) each of Bethpage, a corporation incorporated and subsisting under the laws of the Province of British Columbia, and Bethpage SubCo, a corporation incorporated and subsisting under the laws of the Province of Alberta, have all legal capacity and requisite corporate power to own their respective properties and to conduct all business as is presently being conducted, and are duly registered or otherwise qualified to carry on business in all jurisdictions in which the nature of their respective assets or business makes such registration or qualification necessary or advisable;
- (b) subject to obtaining any required regulatory approvals as set forth in the Bethpage Disclosure Letter, each of Bethpage and Bethpage SubCo have the full legal capacity and corporate power to enter into this Agreement and to take, perform or execute all proceedings, acts and instruments necessary or advisable to consummate the other actions and transactions contemplated in this Agreement and to fulfill their respective obligations under this Agreement; all necessary corporate action has been taken or will be taken prior to the Effective Date, by or on the part of Bethpage and Bethpage SubCo to authorized the execution and delivery of this Agreement, including the approval of the Amalgamation by special resolution of the Bethpage SubCo Shareholder, and the taking, performing or executing of such proceedings, acts and instruments as are necessary or advisable for consummating the actions and transactions contemplated in this Agreement and for fulfilling their respective obligations hereunder;
- (c) this Agreement has been duly executed and delivered by Bethpage and Bethpage SubCo and this Agreement constitutes a legal, valid and binding obligation of each of Bethpage and Bethpage SubCo enforceable against Bethpage and Bethpage SubCo in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, re-organization or other laws relating to the enforcement of creditors' rights generally;
- (d) neither the execution, nor delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor compliance with and fulfillment of the terms and provisions of this Agreement will:
  - (i) conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under:
    - (1) any of the constating documents or by-laws of Bethpage or Bethpage SubCo; or
    - (2) any instrument, agreement, mortgage, judgment, order, award, decree or other instrument or restriction to which Bethpage or Bethpage SubCo is a party or by which Bethpage or Bethpage SubCo is bound; and
  - (ii) except as otherwise described herein or in the Bethpage Disclosure Letter, require any affirmative approval, consent, authorization or other order or action by any court, governmental authority or regulatory body or by any creditor of Bethpage or Bethpage SubCo or any party to any agreement to which Bethpage or Bethpage SubCo is a party or by which Bethpage or Bethpage SubCo is bound, except as shall have been obtained prior to Closing;

- (e) other than any required regulatory approvals set forth in the Bethpage Disclosure Letter, no consent, licence, approval, order or authorization of, or registration, filing or declaration with any governmental authority that has not been obtained or made by Bethpage or Bethpage SubCo and no consent of any Third Party is required to be obtained by Bethpage or Bethpage SubCo in connection with the execution, delivery and performance by Bethpage or Bethpage SubCo of this Agreement or the consummation of the transactions contemplated hereby;
- (f) the authorized capital of Bethpage as of the date hereof consists of an unlimited number of common shares, without nominal or par value, of which 8,900,000 common shares are presently validly issued and outstanding as fully paid and non-assessable shares in the capital of Bethpage and such shares have been issued under a valid prospectus or in accordance with applicable prospectus and dealer registration exemptions from Applicable Securities Laws;
- (g) except pursuant to this Agreement or as set forth in the Bethpage Disclosure Letter, no Person, firm or corporation has or will have any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, including convertible securities, warrants or convertible obligations of any nature, for the purchase from Bethpage of any Bethpage Shares or for the subscription, allotment or issuance of any unissued shares in the securities of Bethpage;
- (h) none of the outstanding Bethpage Shares are subject to escrow restrictions, pooling arrangements, voting trusts or unanimous shareholders agreements, whether voluntary or otherwise;
- (i) the authorized capital of Bethpage SubCo consists of an unlimited number of Bethpage SubCo Shares and an unlimited number of preferred shares issuable in series, of which one (1) Bethpage SubCo Share and no preferred shares are presently issued and outstanding as validly issued and outstanding as fully paid and non-assessable shares in the capital of Bethpage SubCo;
- (j) other than pursuant to this Agreement, no Person, firm or corporation has or will have any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, including convertible securities, warrants or convertible obligations of any nature, for the purchase from Bethpage SubCo of any Bethpage SubCo Shares or for the subscription, allotment or issuance of any unissued shares in the securities of Bethpage SubCo;
- (k) Bethpage is the registered and beneficial holder of one (1) Bethpage SubCo Share, being all of the issued and outstanding Bethpage SubCo Shares and Bethpage holds such share free and clear of all liens, mortgages, charges, pledges, security interests, demands, adverse claims, rights or any other encumbrances whatsoever;
- (l) other than Bethpage SubCo, Bethpage does not hold or own, beneficially or otherwise, any securities of any other corporate entity;
- (m) all corporate records and minute books of Bethpage and Bethpage SubCo have been provided to Green Star or its legal counsel and contain complete and accurate minutes of all meetings of and corporate actions or written consents by the directors and shareholders of Bethpage and Bethpage SubCo, as applicable, including all by-laws and resolutions passed by the board of directors and shareholders of Bethpage and Bethpage SubCo, as applicable, since the incorporation of Bethpage and Bethpage SubCo and all such meetings were duly called and held;
- (n) except as provided to Green Star in an electronic data room, neither Bethpage nor Bethpage SubCo has any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of

Bethpage or Bethpage SubCo and at Closing, Bethpage and Bethpage SubCo will have originals or copies of all such records, systems, controls, data or information in its possession or control;

- (o) the books and records of Bethpage and Bethpage SubCo fairly and correctly set out and disclose in all material respects, the financial position of Bethpage and Bethpage SubCo, as applicable, as at the dates thereof and all material financial transactions of Bethpage and Bethpage SubCo relating to Bethpage's Business have been accurately recorded in such books and records;
- (p) the Bethpage Financial Statements fairly present the financial position of Bethpage, as at the date indicated therein and fairly present the results of operations for the periods ended on such dates, all in accordance with GAAP and, if applicable, IFRS, consistently applied throughout the period covered thereby, save and except as stated therein. Bethpage's and Bethpage SubCo's books of account reflect items of income and expense and all assets and liabilities and accruals required to be reflected therein;
- (q) except as expressly referred to in Bethpage's Financial Statements:
  - (i) neither Bethpage nor Bethpage SubCo have outstanding any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever and neither Bethpage nor Bethpage SubCo is bound under any agreement to create, issue or incur any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever; and
  - (ii) neither Bethpage nor Bethpage SubCo is a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other Person.
- (r) save and except for matters which are disclosed in the Bethpage Financial Statements or otherwise expressly set out in this Agreement or as otherwise disclosed in writing to Green Star in the Bethpage Disclosure Letter, neither Bethpage nor Bethpage SubCo have (nor have either of them agreed to) since September 30, 2018:
  - (i) incurred any debts, obligations or liabilities (absolute, accrued, contingent or otherwise and whether due or to become due), except debts, obligations and liabilities incurred in the ordinary course of business;
  - (ii) discharged or satisfied any liens or paid any obligation or liability other than liabilities shown on Bethpage's Financial Statements, other than in the ordinary course of business;
  - (iii) declared or made any payment, distribution or dividend based on its shares or purchased, redeemed or otherwise acquired any of the shares in its capital or other securities or obligated itself to do so;
  - (iv) mortgaged, pledged or subjected to lien or other security interest any of its assets, tangible or intangible other than the usual security granted to secure a bank line of credit or other than in the ordinary course of business;
  - (v) sold, assigned, leased, transferred or otherwise disposed of any of its assets (excluding inventory) having either a book value or fair market value in excess of \$5,000, whether or not in the ordinary course of business;
  - (vi) increased materially the compensation payable or to become payable by Bethpage or Bethpage SubCo to any of its officers, directors or employees, or in any bonus payment to or arrangement made with any officer, director or employee, or made any material changes in the personnel policies or employee benefits of Bethpage or Bethpage SubCo;

- (vii) cancelled, waived, released or compromised any debt, claim or right resulting in a Material Adverse Effect on the business, prospects or financial condition of Bethpage or Bethpage SubCo;
- (viii) significantly altered or revised any of its accounting principles, procedures, methods or practices except as required under IFRS or other regulatory guidelines;
- (ix) changed its credit policy as to provision of services, sales of inventories or collection or accounts receivable except as dictated by competitive conditions;
- (x) suffered any material damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, business or prospects of Bethpage or Bethpage SubCo;
- (xi) entered into any transaction, contract or commitment other than in the ordinary course of business except for the transactions set forth in this Agreement;
- (xii) made or authorized any capital expenditures in excess of \$5,000 to any party;
- (xiii) issued or sold any shares in its capital stock or other securities, or granted any options with respect thereto except as otherwise disclosed in writing to Bethpage; or
- (xiv) suffered or experienced any material adverse change in, or event or circumstance affecting, the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business, operations or prospects and Bethpage has no knowledge, information or belief of any fact, event or circumstances which might reasonably be expected to affect materially and adversely the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business operations or prospects and has not changed any shares of its capital stock, whether by way of reclassification, stock split or otherwise;
- (s) since incorporation, no payments have been made or authorized by Bethpage or Bethpage SubCo to their officers, directors, employees, shareholders or former directors, officers, employees or shareholders or to any Person not dealing at Arm's Length with any of the foregoing, except those expressly disclosed herein or reflected in Bethpage's Financial Statements or made in the ordinary course of business and at the regular rates payable to them of salary, pension, bonuses or other remuneration of any nature;
- (t) Bethpage and Bethpage SubCo have paid, collected and remitted all taxes, customs duties, tax instalments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by them at present;
- (u) adequate provision has been made in Bethpage's Financial Statements for all taxes, governmental charges and assessments, including interest and penalties thereon, payable by Bethpage and Bethpage SubCo for all periods up to the date of the balance sheets comprising part of Bethpage's Financial Statements;
- (v) each of Bethpage and Bethpage SubCo have withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including December 31, 2018;
- (w) Bethpage SubCo does not operate or engage in any business activities, operations or management of any nature or kind whatsoever;
- (x) Bethpage does not operate or engage in any business activities, operations or management of any nature or kind whatsoever other than Bethpage's Business;

- (y) Bethpage is conducting and has always conducted Bethpage's Business in substantial compliance with all applicable laws, rules and regulations of each jurisdiction in which Bethpage's Business is carried on, are not currently in material breach of any such laws, rules or regulations in each jurisdiction in which Bethpage is a reporting issuer;
- (z) Bethpage is a reporting issuer under the *Securities Act* (Alberta) and the *Securities Act* (British Columbia) and, to the knowledge of Bethpage, no securities commission has issued any order preventing the transactions contemplated by this Agreement or the trading of any securities of Bethpage;
- (aa) the information and statements set forth in the Public Record were true, correct, and complete in all material respects and did not contain any misrepresentation, as of the date of such information or statements and were prepared in accordance with and complied with Applicable Securities Laws and Bethpage has not filed any confidential material change reports still maintained on a confidential basis;
- (bb) to the knowledge of Bethpage, all issuances of securities of Bethpage and Bethpage SubCo have been completed in accordance with all Applicable Securities Laws and regulations;
- (cc) to the knowledge of Bethpage, no employee has made any claim or, has any basis for any action or proceeding against Bethpage or Bethpage SubCo, arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices, harassment, occupational health and safety standards or worker's compensation;
- (dd) neither Bethpage nor Bethpage SubCo has made any agreements with any labour union or employee association nor made any commitments to or conducted any negotiations with any labour union or employee association with respect to any future agreements;
- (ee) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the employees of Bethpage or Bethpage SubCo by way of certification, interim certification, voluntary recognition, designation or successor rights;
- (ff) to the knowledge of Bethpage, there is no action, lawsuit, claim, proceeding, or investigation pending or, threatened against, relating to or affecting Bethpage or Bethpage SubCo before any court, government agency, or any arbitrator of any kind, in any jurisdiction in Canada or internationally. Bethpage is not aware of any existing ground on which any such proceeding might be commenced with any reasonable likelihood of success and there is not presently outstanding against Bethpage or Bethpage SubCo any judgment, decree, injunction, rule or order of any court, governmental agency, or arbitrator relating to or affecting Bethpage or Bethpage SubCo. No waivers have been filed by Bethpage or Bethpage SubCo with any taxing authority in any jurisdiction in Canada or internationally;
- (gg) there are no outstanding written or oral employment contracts, sales, services, management or consulting agreements, employee benefit or profit-sharing plans, or any bonus arrangements with any employee of Bethpage or Bethpage SubCo, nor are there any outstanding oral contracts of employment which are not terminable on the giving of reasonable notice in accordance with applicable law. There are no pension or retirement plans established by or for Bethpage or Bethpage SubCo for the employees of Bethpage or Bethpage SubCo;
- (hh) to the knowledge of Bethpage, there is not now outstanding any arrangement (contractual or otherwise) between Bethpage or Bethpage SubCo and any Person which will or may be, terminated or, prejudicially affected as a result of the Amalgamation contemplated herein; and
- (ii) no representation or warranty made by Bethpage in this Agreement and no statement made in any schedule, exhibit, certificate or other document furnished pursuant to this Agreement including the Bethpage Disclosure Letter, contains, or will contain, any untrue statement of a Material Fact or



omits, or will omit, to state any Material Fact necessary to make such representation or warranty or any such statement not misleading. Bethpage does not know of any fact which, if known to the other parties hereto would deter them from consummating the transactions contemplated herein.

4.2 No investigations made by or on behalf of Green Star at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by Bethpage herein or pursuant hereto and no waiver by Green Star of any condition, in whole or in part, shall operate as a waiver of any other conditions.

4.3 **Representations and Warranties of Green Star.** Green Star hereby represents and warrants to Bethpage that:

- (a) Green Star is a corporation incorporated and subsisting under the laws of the Province of Alberta and has the legal capacity and requisite corporate power to own its properties and to conduct its business as presently being conducted, and is duly registered or otherwise qualified to carry on business in all jurisdictions in which the nature of its assets or business makes such registration or qualification necessary or advisable;
- (b) Green Star has the full legal capacity and corporate power to enter into this Agreement and to take, perform or execute all proceedings, acts and instruments necessary or advisable to consummate the other actions and transactions contemplated in this Agreement and to fulfill its obligations under this Agreement; all necessary corporate action has been taken or will be taken prior to the Effective Date, by or on the part of Green Star to authorize the execution and delivery of this Agreement, including the approval of the Amalgamation by special resolution of the Green Star Shareholders, and the taking, performing or executing of such proceedings, acts and instruments as are necessary or advisable for consummating the actions and transactions contemplated in this Agreement and for fulfilling their respective obligations hereunder;
- (c) this Agreement has been duly executed and delivered by Green Star and this Agreement constitutes a legal, valid and binding obligation of Green Star enforceable against Green Star in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, re-organization or other laws relating to the enforcement of creditors' rights generally;
- (d) neither the execution, nor delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor compliance with and fulfillment of the terms and provisions of this Agreement will:
  - (i) conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under:
    - (1) any of the constating documents or by-laws of Green Star; or
    - (2) any instrument, agreement, mortgage, judgment, order, award, decree or other instrument or restriction to which Green Star is a party or by which Green Star is bound; and
  - (ii) except as otherwise described herein or in the Green Star Disclosure Letter, require any affirmative approval, consent, authorization or other order or action by any court, governmental authority or regulatory body or by any creditor of Green Star or any party to any agreement to which Green Star is a party or by which Green Star is bound, except as shall have been obtained prior to Closing;
  - (iii) give rise to any payment of any penalty or fee including any payment in respect of a change of control or otherwise under any contract to which Green Star is a party.

- (e) other than any required regulatory approvals, no consent, licence, approval, order or authorization of, or registration, filing or declaration with any governmental authority that has not been obtained or made by Green Star and no consent of any Third Party is required to be obtained by Green Star in connection with the execution, delivery and performance by Green Star of this Agreement or the consummation of the transactions contemplated hereby;
- (f) the authorized capital of Green Star as of the date hereof consists of an unlimited number of Class A common shares, without nominal or par value, an unlimited number of Class B non-voting common shares, and an unlimited number of preferred shares. As the date hereof, 60,817,787 Green Star Shares and no other shares are validly issued and outstanding as fully paid and non-assessable shares in the capital of Green Star. The Green Star Shares have been issued in accordance with applicable prospectus and dealer registration exemptions from Applicable Securities Laws. The Green Star Disclosure Letter contains a true and complete list of all Green Star Shareholders, including, the registered name and address, names and addresses of all beneficial shareholders, the number of shares held and the number of Resulting Issuer Shares to be issued to such Green Star Shareholder under the Amalgamation;
- (g) except pursuant to those Green Star Warrants and Green Star Options, that have been issued and are outstanding as at the date hereof, no Person, firm or corporation has or will have any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, including convertible securities, warrants or convertible obligations of any nature, for the purchase from Green Star of any Green Star Shares or for the subscription, allotment or issuance of any unissued shares in the securities of Green Star. The Green Star Disclosure Letter contains a true and complete list of all outstanding Green Star Warrants and Green Star Options, including the name and address of each registered and beneficial holder thereof;
- (h) other than as disclosed in the Green Star Disclosure Letter, none of the outstanding Green Star Shares are subject to escrow restrictions, pooling arrangements, voting trusts, unanimous shareholders agreements or other similar agreements, whether voluntary or otherwise;
- (i) Green Star does not have any subsidiaries;
- (j) other than as disclosed in the Green Star Disclosure Letter, Green Star does not hold or own, beneficially or otherwise, any securities of any other corporate entity;
- (k) all corporate records and minute books of Green Star have been provided to Bethpage or its legal counsel and contain complete and accurate minutes of all meetings of and corporate actions or written consents by the directors and shareholders of Green Star, as applicable, including all by-laws and resolutions passed by the board of directors and shareholders of Green Star;
- (l) Green Star does not have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of Green Star and at Closing, Green Star will have originals or copies of all such records, systems, controls, data or information in its possession or control;
- (m) the books and records of Green Star fairly and correctly set out and disclose in all material respects, the financial position of Green Star as at the dates thereof and all material financial transactions of Green Star relating to Green Star's Business have been accurately recorded in such books and records and, in respect of any information provided or requested, did not knowingly omit data or information necessary to make any data or information provided not misleading as at the respective dates thereof;

- (n) other than as disclosed in the Green Star Disclosure Letter, as at the date hereof, there are no material contracts or agreements to which Green Star is a party or by which it is bound. For the purposes of this subparagraph, any contract or agreement pursuant to which Green Star will, or may reasonably be expected to, result in a requirement of Green Star to expend more than an aggregate of \$50,000 or receive or be entitled to receive revenue of more than \$50,000 in either case in the next 12 months, or is out of the ordinary course of business of Green Star, shall be considered to be material;
- (o) the Green Star Financial Statements fairly present the financial position of Green Star, as at the date indicated therein and fairly present the results of operations for the periods ended on such dates, all in accordance with IFRS consistently applied throughout the period covered thereby, save and except as stated therein. The books of account of Green Star reflect items of income and expense and all assets and liabilities and accruals required to be reflected therein;
- (p) except pursuant to the Green Star Financings, or as expressly referred to in Green Star's Financial Statements or as otherwise expressed in writing to Bethpage in the Green Star Disclosure Letter,
  - (i) Green Star does not have outstanding any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever and Green Star is not bound under any agreement to create, issue or incur any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever; and
  - (ii) Green Star is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other Person.
- (q) save and except for matters arising from the Green Star Financings or which are disclosed in the Green Star Financial Statements or otherwise expressly set out in this Agreement or as otherwise disclosed in writing to Bethpage in the Green Star Disclosure Letter, Green Star has not (nor has it agreed to) since September 30, 2018:
  - (i) incurred any debts, obligations or liabilities (absolute, accrued, contingent or otherwise and whether due or to become due), except debts, obligations and liabilities incurred in the ordinary course of business;
  - (ii) discharged or satisfied any liens or paid any obligation or liability other than liabilities shown on Green Star's Financial Statements, other than in the ordinary course of business;
  - (iii) declared or made any payment, distribution or dividend based on its shares or purchased, redeemed or otherwise acquired any of the shares in its capital or other securities or obligated itself to do so;
  - (iv) mortgaged, pledged or subjected to lien or other security interest any of its assets, tangible or intangible other than the usual security granted to secure a bank line of credit or other than in the ordinary course of business;
  - (v) sold, assigned, leased, transferred or otherwise disposed of any of its assets (excluding inventory) having either a book value or fair market value in excess of \$5,000, whether or not in the ordinary course of business, except for transactions involving the Green Star Properties previously disclosed to Bethpage;
  - (vi) increased materially the compensation payable or to become payable by Green Star to any of their officers, directors or employees, or in any bonus payment to or arrangement made with any officer, director or employee, or made any material changes in the personnel policies or employee benefits of Green Star;

- (vii) cancelled, waived, released or compromised any debt, claim or right resulting in a Material Adverse Effect on the business, prospects or financial condition of Green Star;
  - (viii) significantly altered or revised any of its accounting principles, procedures, methods or practices except as required under IFRS or other regulatory guidelines;
  - (ix) changed its credit policy as to provision of services, sales of inventories or collection or accounts receivable except as dictated by competitive conditions;
  - (x) suffered any material damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting Green Star's Assets, Green Star's Business or prospects of Green Star;
  - (xi) issued or sold any shares in its capital stock or other securities, or granted any options with respect thereto; or
  - (xii) suffered or experienced any material adverse change in, or event or circumstance affecting, the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business, operations or prospects and Green does not have any knowledge, information or belief of any fact, event or circumstances which might reasonably be expected to affect materially and adversely the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business operations or prospects and has not changed any shares of its capital stock, whether by way of reclassification, stock split or otherwise;
- (r) the Green Star Disclosure Letter contains a true and accurate list of all Green Star Assets and all liabilities of Green Star as at the date of this Agreement;
- (s) since incorporation, no payments have been made or authorized by Green Star to their officers, directors, employees, shareholders or former directors, officers, employees or shareholders or to any Person not dealing at Arm's Length with any of the foregoing, except those reflected in Green Star's Financial Statements or as disclosed in writing to Bethpage in the Green Star Disclosure Letter or made in the ordinary course of business and at the regular rates payable to them of salary, pension, bonuses or other remuneration of any nature;
- (t) Green Star has made all filings required under applicable laws with the applicable regulatory authorities in substantial compliance, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Green Star were true, correct and complete in all material respects and did not contain any misrepresentation, as at the date of such information or statements;
- (u) Green Star has paid, collected and remitted all taxes, customs, duties, tax instalments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by them at present;
- (v) adequate provision has been made in Green Star's Financial Statements for all taxes, governmental charges and assessments, including interest and penalties thereon, payable by Green Star for all periods up to the date of the balance sheets comprising part of Green Star's Financial Statements;
- (w) Green Star has withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof;
- (x) Green Star has not operated or engaged in any business activities, operations or management of any nature or kind whatsoever other than Green Star's Business;

- (y) Green Star is conducting and has always conducted Green Star's Business in substantial compliance with all applicable laws, rules and regulations of each jurisdiction in which Green Star's Business is carried on, are not currently in material breach of any such laws, rules or regulations and are duly licensed, registered or qualified, in each jurisdiction in which Green Star owns, leases or has any interest of claim in property or carries on Green Star's Business, to enable Green Star's Business to be carried on as now conducted and its property and assets to be owned, leased licensed or otherwise and operated, and all such licences, registrations, claims, interests and qualifications are valid and subsisting and in good standing and none of the same contains any burdensome term, provision, condition or limitation which has or may have an Material Adverse Effect on the operation of Green Star's Business;
- (z) Green Star is not a reporting issuer under any province or jurisdiction in Canada and, to the knowledge of Green Star, no securities commission, nor any Recognized Stock Exchange, has issued any order preventing the transactions contemplated by this Agreement or the trading of any securities of Green Star;
- (aa) Green Star owns or possesses sufficient legal rights to all Intellectual Property (as defined below) that is necessary to the conduct of Green Star's Business (the "**Green Star IP**") as listed in the Green Star Disclosure Letter without any violation or infringement (or in the case of third-party patents, patent applications, trademarks, trademark applications, service marks, or service mark applications, without any violation or infringement known to Green Star) of the rights of others. No product or service marketed or sold (or proposed to be marketed or sold) by Green Star violates or will violate any license or infringes or will infringe any rights to any patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, trade secrets, licenses, domain names, mask works, information and proprietary rights and processes (collectively, "**Intellectual Property**") of any other party, except that with respect to third-party patents, patent applications, trademarks, trademark applications, service marks, or service mark applications the foregoing representation is made to Green Star's knowledge only;
- (bb) Green Star owns its respective properties and assets free and clear of all mortgages, deeds of trust, liens, encumbrances and security interests except for statutory liens for the payment of current taxes that are not yet delinquent and liens, encumbrances and security interests which arise in the ordinary course of business and which do not affect material properties and assets of Green Star;
- (cc) except for this Agreement, or as disclosed in the Green Star Disclosure Letter, there are no agreements, understandings, instruments, contracts or proposed transactions outside of the normal course of business to which Green Star is a party that involve (a) obligations (contingent or otherwise) of, or payments to, Green Star in excess of \$50,000, (b) the license of any Intellectual Property to or from Green Star other than licenses with respect to commercially available software products under standard end-user object code license agreements or standard customer terms of service and privacy policies for Internet sites, (c) the grant of rights to manufacture, produce, assemble, license, market, or sell its products to any other person, or that limit Green Star's exclusive right to develop, manufacture, assemble, distribute, market or sell its products, (d) indemnification by Green Star with respect to infringements of proprietary rights other than standard customer or channel agreements, or (e) are otherwise material to Green Star's Business (each, a "**Material Agreement**"). Green is not in material breach of any Material Agreement. Each Material Agreement is in full force and effect and is enforceable by Green Star, in accordance with its respective terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or others laws of general application relating to or affecting the enforcement of creditors' rights generally, or (ii) the effect of rules of law governing the availability of equitable remedies. All Material Agreements are listed in the Green Star Disclosure Letter;
- (dd) except as disclosed in the Green Star Financial Statements, no employee, officer or director of Green Star (a "**Related Party**") or member of such Related Party's immediate family, or any corporation, partnership or other entity in which such Related Party is an officer, director or

partner, or in which such Related Party has an ownership interest or otherwise controls, is indebted to Green Star, nor is Green Star indebted (or committed to make loans or extend or guarantee credit) to any of them. To Green Star's knowledge, none of such persons have any direct or indirect ownership interest in any firm or corporation with which Green Star is affiliated or with which Green Star has a business relationship, or any firm or corporation that competes with Green Star. To Green Star's knowledge, no Related Party or member of their immediate families is directly or indirectly interested in any material contract with Green Star;

- (ee) Green Star is not in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, and to Green Star's knowledge, no material expenditures are or will be required in order to comply with any such statute, law or regulation;
- (ff) no material customer or material supplier or customer, including, without limitation, Cowlitz County Cannabis Cultivation, Inc. of Green Star has given Green Star written notice terminating or specifying an intention to terminate, its relationship with Green Star, and Green Star has no reason to believe that a material customer or material supplier will terminate its relationship with Green in the future as a result of the consummation of the transactions contemplated hereby. No material customer has given Green written notice suspending or reducing, or specifying its intention to suspend or reduce in a material respect, its purchases from Green Star. No material supplier has given Green Star written notice suspending or reducing, or specifying its intention to suspend or reduce in a material respect, its supply of materials to Green Star;
- (gg) except as disclosed in writing to Bethpage in the Green Star Disclosure Letter, Green Star does not own or lease real property;
- (hh) Green Star has not made any agreements with any labour union or employee association nor made any commitments to or conducted any negotiations with any labour union or employee association with respect to any future agreements;
- (ii) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the employees or Green Star by way of certification, interim certification, voluntary recognition, designation or successor rights;
- (jj) there is no action, lawsuit, claim, proceeding, or investigation pending or, to the best knowledge of Green Star, threatened against, relating to or affecting Green Star before any court, government agency, or any arbitrator of any kind, in any jurisdiction in Canada or internationally. Green Star is not aware of any existing ground on which any such proceeding might be commenced with any reasonable likelihood of success and there is not presently outstanding against Green Star any judgment, decree, injunction, rule or order of any court, governmental agency, or arbitrator relating to or affecting Green Star, Green Star's Assets or Green Star's Business. No waivers have been filed by Green Star with any taxing authority in any jurisdiction in Canada or internationally;
- (kk) other than as disclosed to Bethpage in the Green Star Disclosure Letter, there are no outstanding written or oral employment contracts, sales, services, management or consulting agreements, employee benefit or profit-sharing plans, or any bonus arrangements with any employee of Green Star, nor are there any outstanding oral contracts of employment which are not terminable on the giving of reasonable notice in accordance with applicable law. There are no pension or retirement plans established by or for Green Star for the employees of Green Star;
- (ll) Green Star does not have in place or in effect any employment agreements, consulting agreements or other change of control agreements which provide for a payment accruing as a result of the Amalgamation or other change of control of Green Star and Green Star has disclosed in writing in the Green Star Disclosure Letter to Bethpage all severance amounts, consulting contract termination obligations and/or retention or bonuses that may be payable by Green Star, except as previously disclosed to Bethpage by Green Star;

- (mm) other than as disclosed to Bethpage in the Green Star Disclosure Letter, there are no accrued bonuses payable to any officers, directors or employees of Green Star;
- (nn) other than as disclosed in writing to Bethpage in the Green Star Disclosure Letter, no director, officer, employee, insider or other non-arm's length party to Green Star (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Green Star that will be effective after the Effective Date;
- (oo) other than as disclosed in writing to Bethpage in the Green Star Disclosure Letter, or as may occur from time to time in the ordinary course under employment agreements or consulting agreements, Green Star is not indebted to any of its directors, officers, employees or consultants, any of its shareholders or any of their respective associates or affiliates;
- (pp) there is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which Green Star is a party or by which it is otherwise bound that would now or hereafter in any way limit the business or operations of Green Star in a particular manner or to a particular locality or geographic region or for a specified period of time and the execution, delivery and performance of this Agreement does not and will not result in any restriction of Green Star from engaging in its business or from competing with any person or in any geographic area;
- (qq) other than as disclosed in writing to Bethpage in the Green Star Disclosure Letter, Green Star does not have any rights to purchase any assets, properties or undertakings of Third Parties nor have any obligation to sell assets, properties or undertakings, under any agreements to purchase or sell that have not closed;
- (rr) Green Star is not a party to or bound by any agreement, guarantee, indemnification (other than in the ordinary course of business and to officers and directors pursuant to the by-laws and standard indemnity agreements of Green Star, to the bankers, pursuant to underwriting, agency or financial advisor agreements pursuant to the standard indemnity provisions in agreements of that nature and indemnities contained in flow through subscription agreements), or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Person;
- (ss) Green Star is presently able to pay its liabilities as they become due;
- (tt) Green Star is not, and will not be at the time of the Amalgamation, a "non-resident" as that term is used for the purposes of the Tax Act; and
- (uu) no representation or warranty made by Green Star in this Agreement and no statement made in any schedule, exhibit, certificate or other document furnished pursuant to this Agreement, contains, or will contain, any untrue statement of a Material Fact or omits, or will omit, to state any Material Fact necessary to make such representation or warranty or any such statement not misleading. Green Star does not know of any fact which, if known to the other parties hereto would deter them from consummating the transactions contemplated herein.

4.4 No investigations made by or on behalf of Bethpage at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by Green Star herein or pursuant hereto and no waiver by Bethpage of any condition, in whole or in part, shall operate as a waiver of any other condition.

## ARTICLE V COVENANTS

5.1 **General Covenants of Bethpage.** Bethpage covenants and agrees that, until Closing or the date on which this Agreement is terminated, and unless otherwise contemplated herein, it shall use best efforts to:

- (a) take all requisite action to:
  - (i) approve this Agreement;
  - (ii) approve such actions as the other parties hereto may determine to be necessary or desirable for the purposes hereof; and
  - (iii) deliver the Bethpage Disclosure Letter, in a form satisfactory to Green Star, to Green Star on or before March 15, 2019;
- (b) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group, to maintain its business relationships and to ensure that Bethpage's Business shall be conducted only in the usual and ordinary course of business consistent with past practice;
- (c) not carry on any business other than the Bethpage's Business and cause Bethpage SubCo not to carry on any business;
- (d) give its consent (and provide such other reasonable assurances as may be required) and use all reasonable commercial efforts to obtain (including the provision of such reasonable assurances as may be required), consents of all other Persons to the transactions contemplated by this Agreement, as may be required pursuant to any statute, law or ordinance or by any governmental or other regulatory authority having jurisdiction;
- (e) upon Bethpage receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, disclose such information promptly in writing to the solicitors for Green Star;
- (f) in consultation with Green Star and its counsel, forthwith use its reasonable commercial efforts to obtain all necessary regulatory approvals and to make application to the Canadian Securities Exchange for the listing of Resulting Issuer Shares on the Canadian Securities Exchange following the Closing and assist in making all submissions, preparing all press releases and circulars and making all notifications required with respect to this transaction and the issuance of shares as contemplated hereunder;
- (g) except as contemplated hereunder, not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue or agree to issue any shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (v) split, combine or reclassify any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution or reorganization of Bethpage; (vii) reduce the stated capital of Bethpage or any of its outstanding shares; (viii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Amalgamation; or (ix) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (h) promptly notify Green Star in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Bethpage threatened, financial or otherwise) in its business, operations,



affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by Bethpage in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Bethpage shall in good faith discuss with Green Star any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Bethpage threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to Green Star pursuant to this provision;

- (i) not (i) grant any officer, director or employee an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment of any severance or termination pay policies or arrangements for any directors, officers or employees, except as contemplated herein; (iv) adopt or amend (other than to permit accelerated vesting of currently outstanding rights) any stock option plan or the terms of any outstanding rights thereunder; nor (v) advance any loan to any officer, director or any other party not at Arm's Length;
- (j) except with respect to the adoption of a new stock option plan, the form of which Green Star has approved, not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (k) use all reasonable commercial efforts to take all steps necessary to make proper disclosure within such time as required by any regulatory authority and any other applicable statutes and laws concerning this Agreement and the transactions contemplated herein;
- (l) use its best efforts to maintain its status as a reporting issuer in Alberta and British Columbia;
- (m) use its best efforts to maintain the accuracy and currency of the Public Record;
- (n) use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article VI to the extent the same is within its control and take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Amalgamation, including using its reasonable commercial efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
  - (ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws;
  - (iii) effect all necessary registrations and filings and submissions of information requested by governmental entities required to be effected by it in connection with the Amalgamation and participate and appear in any proceedings of either party before governmental entities in connection with the Amalgamation;
  - (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affect the ability of the parties to consummate the transactions contemplated hereby;
  - (v) fulfill all conditions and satisfy all provisions of this Agreement;
  - (vi) cooperate with the other parties to this Agreement in connection with the performance by Bethpage of its obligations hereunder; and

- (vii) not take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement or that would reasonably be expected to significantly impede the consummation of the Amalgamation;
- (o) not incur any material liabilities of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Bethpage may become liable on or after the Closing Date, except as set out in Bethpage's Financial Statements or the Green Star Disclosure Letter and except for those public company and transactional costs incurred prior to Closing in connection with the Proposed Transaction, which will be disclosed in writing to Green Star at Closing;
- (p) validly issue the Resulting Issuer Shares in accordance with Article III hereof as fully paid and non-assessable common shares in the capital of the Resulting Issuer, free and clear of all mortgages, liens, charges, security deposits, adverse claims, pledges, encumbrances, options, warrants, rights, privileges and demands whatsoever;
- (q) validly effect and complete the Consolidation prior to Closing;
- (r) pursuant to the Name Change Resolution, change of the name of the Resulting Issuer to "GreenStar Biosciences Corp." before Closing;
- (s) file, duly and timely, all tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency; and
- (t) neither declare nor pay any dividends or other distributions or returns of capital on Bethpage Shares from the date of this Agreement until the Closing Date without the prior consent of Green Star.

**5.2 Bethpage's Covenant Regarding Non-Solicitation.** Bethpage shall not, during the term of this Agreement, directly or indirectly, through any officer, director, employee, representative or agent, solicit, initiate, invite or knowingly encourage (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding) the initiation of or participate in, any inquiries or proposals regarding an Acquisition Proposal. During the term of this Agreement, Bethpage shall continue to refrain from participating in any discussions or negotiations with any parties (other than the parties hereto) with respect to any potential Acquisition Proposal, and shall not accept, approve, or recommend or enter into any agreement in respect of an Acquisition Proposal.

**5.3 General Covenants of Green Star.** Green Star covenants and agrees that, until Closing or the date on which this Agreement is terminated, and unless otherwise contemplated herein, it shall use best efforts to:

- (a) take all requisite action to:
  - (i) approve this Agreement;
  - (ii) approve such actions as the other parties hereto may determine to be necessary or desirable for the purposes hereof; and
  - (iii) deliver the Green Star Disclosure Letter, in a form satisfactory to Bethpage, to Bethpage on or before March 15, 2019;
- (b) deliver a copy of the audited, and as applicable, auditor reviewed, version of Green Star's Financial Statements to Bethpage once they have been approved by the board of directors of Green Star;

- (c) not carry on business other than Green Star's business;
- (d) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group, to maintain its business relationships and to ensure that Green Star's Business shall be conducted only in the usual and ordinary course of business consistent with past practice;
- (e) give its consent (and provide such other reasonable assurances as may be required) and use all reasonable commercial efforts to obtain (including the provision of such reasonable assurances as may be required), consents of all other Persons to the transactions contemplated by this Agreement, as may be required pursuant to any statute, law or ordinance or by any governmental or other regulatory authority having jurisdiction;
- (f) upon Green Star receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, disclose such information promptly in writing to the solicitors for Bethpage;
- (g) in consultation with Bethpage and its counsel, forthwith use its reasonable commercial efforts to obtain all necessary regulatory approvals and to make application to the Canadian Securities Exchange for the listing of Resulting Issuer Shares on the Canadian Securities Exchange following the Closing and assist in making all submissions, preparing all press releases and circulars and making all notifications required with respect to this transaction and the issuance of shares as contemplated hereunder;
- (h) not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents other than to reduce the minimum number of directors required; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) except pursuant to the Green Star Financings or as otherwise disclosed in the Green Star Disclosure Letter, issue or agree to issue any shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (v) split, combine or reclassify any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution or reorganization of Green Star; (vii) reduce the stated capital of Green Star or any of its outstanding shares; (viii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Amalgamation; or (ix) other than as disclosed in the Green Star Disclosure Letter, enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (i) promptly notify Bethpage in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Green Star threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, other than as contemplated by this Agreement or of any change in any representation or warranty provided by Green Star in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Green Star shall in good faith discuss with Bethpage any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Green Star threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Bethpage pursuant to this provision;
- (j) other than as disclosed to Bethpage, not (i) grant any officer, director or employee an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment of any severance or termination pay policies or arrangements for any directors, officers or employees, except as contemplated herein; (iv) adopt or amend (other than to permit accelerated vesting of currently outstanding rights) any stock option plan or the terms of any

outstanding rights thereunder; nor (v) advance any loan to any officer, director or any other party not at Arm's Length;

- (k) other than as disclosed to Bethpage, not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (l) use all reasonable commercial efforts to take all steps necessary to make proper disclosure within such time as required by any regulatory authority and any other applicable statutes and laws concerning this Agreement and the transactions contemplated herein;
- (m) use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article VI to the extent the same is within its control and take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Amalgamation, including using its reasonable commercial efforts to:
  - (i) obtain the approval of the Green Star Shareholders of the Amalgamation and related matters;
  - (ii) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
  - (iii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws;
  - (iv) effect all necessary registrations and filings and submissions of information requested by governmental entities required to be effected by it in connection with the Amalgamation and participate and appear in any proceedings of either party before governmental entities in connection with the Amalgamation;
  - (v) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affect the ability of the parties to consummate the transactions contemplated hereby;
  - (vi) fulfill all conditions and satisfy all provisions of this Agreement;
  - (vii) cooperate with the other parties to this Agreement in connection with the performance by Green Star of its obligations hereunder; and
  - (viii) not take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement or that would reasonably be expected to significantly impede the consummation of the Amalgamation;
- (n) neither declare nor pay any dividends or other distributions or returns of capital on Green Star Shares from the date of this Agreement until the Closing Date without the prior consent of Bethpage; and
- (o) to file, duly and timely, all tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency.

5.4 **Green Star's Covenant Regarding Non-Solicitation.** Green Star shall not, directly or indirectly, through any officer, director, employee, representative or agent, solicit, initiate, invite or knowingly encourage (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding) the initiation of or participate in, any inquiries or proposals regarding an Acquisition Proposal. During the term of this Agreement, Green Star shall continue to refrain from participating in any discussions or negotiations with any parties (other than the parties hereto) with respect to any potential Acquisition Proposal, and shall not accept, approve, or recommend or enter into any agreement in respect of an Acquisition Proposal.

5.5 **Mutual Covenants.** From the date hereof until the Effective Date, each of Green Star and Bethpage will use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws to complete the Amalgamation including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Amalgamation;

and each of Green Star and Bethpage will use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of its obligations under this section 5.5 including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between officers of Bethpage and Green Star.

## ARTICLE VI CONDITIONS TO CLOSING

6.1 **Mutual Conditions Precedent.** The respective obligations of the parties hereto to complete the transactions contemplated hereunder are subject to the satisfaction, on or before the Closing Date, of the following conditions any of which may be waived by the mutual consent of such parties without prejudice to their rights to rely on any other conditions contained herein:

- (a) the Amalgamation and this Agreement shall have been approved by the directors of Bethpage SubCo and Green Star, and by Bethpage, in its capacity as sole shareholder of Bethpage SubCo;
- (b) the Amalgamation and this Agreement shall have been approved either by (a) the required majority of the votes of the Green Star Shareholders who, being entitled to do so, vote in person or by proxy at the meeting of Green Star Shareholders in accordance with the provisions of the Act or (b) written resolution signed by all of the Green Star Shareholders;
- (c) the Consolidation Resolution shall have been approved by the directors of Bethpage;
- (d) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Amalgamation;
- (e) the CSE shall have granted conditional approval in respect of listing of the Resulting Issuer Shares the Amalgamation and related transactions, including the issuance of the Resulting Issuer Shares to be issued to Green Star Shareholders pursuant to the Amalgamation, Name Change and Consolidation;
- (f) all other consents, orders and approvals, including, without limitation, regulatory approvals, required or desirable for the completion of the transactions contemplated herein shall have been

obtained or received from the Person, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties hereto, acting reasonably;

- (g) upon Closing, all regulatory requirements shall have been or are capable of being satisfied;
- (h) no material action or proceeding shall be pending or threatened by any Person, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:
  - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated herein; or
  - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.

The foregoing conditions are for the mutual benefit of Green Star on the one hand and Bethpage on the other hand and may be asserted by Green Star and by Bethpage regardless of the circumstances and may be waived by Green Star and Bethpage in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Green Star or Bethpage may have. If any of such conditions shall not be complied with or waived as aforesaid on or before the Effective Date or, if earlier, the date required for the performance thereof, then, subject to section 6.4 hereof, a party hereto may rescind and terminate this Agreement by written notice to the other of them in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a material breach of this Agreement by such rescinding party hereto.

**6.2 Conditions Precedent to Obligations of Green Star.** The obligations of Green Star to complete the transactions contemplated hereunder shall be subject to the satisfaction of, or compliance with, at or before the Closing Date, each of the following conditions precedent (each of which is hereby acknowledged to be for the exclusive benefit of Green Star and may be waived by Green Star in whole or in part on or before the Closing Date):

- (a) Green Star shall on or before the Closing Date have received from Bethpage all documents and instruments as Green Star may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of this Agreement;
- (b) Green Star shall on or before March 15, 2019, or such later date as the parties may agree, have received from Bethpage the Bethpage Disclosure Letter, in a form satisfactory to Green Star;
- (c) all of the representations, warranties and covenants of Bethpage made in or pursuant to this Agreement shall be true and correct in all material respects as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby and except as such representations and warranties may be affected by the occurrence of events or transactions that are not materially adverse and arise in the ordinary course of business) and Green Star shall have received a certificate dated as at the Closing Date in form satisfactory to Green Star and their solicitors, acting reasonably, signed by a senior officer or director of Bethpage on behalf of Bethpage, certifying the truth and correctness in all material respects of the representations, warranties and covenants of Bethpage set out in this Agreement;
- (d) Bethpage shall have furnished Green Star with certified copies of the resolutions duly passed by the boards of directors of Bethpage approving this Agreement and the consummation of the transactions contemplated by this Agreement;
- (e) Bethpage shall have performed and complied with all terms, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;

- (f) at the Closing Date, there shall have been no Material Adverse Effect on the condition of Bethpage's Business (financial or otherwise), properties, assets, liabilities, earnings, or business operations or prospects of Bethpage from that shown on or reflected in Bethpage's Financial Statements. For greater certainty, the accrual of legal, accounting and regulatory fees in connection with the proposed transaction, subject to the terms of this Agreement, shall not constitute a Material Adverse Effect;
- (g) all consents, approvals, orders and authorizations of any Persons or governmental authorities in Canada or elsewhere (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Bethpage in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Closing Date;
- (h) Bethpage shall be a reporting issuer in good standing in the provinces of Alberta and British Columbia and neither Bethpage nor its shares shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;
- (i) upon Closing, all regulatory requirements shall have been or are capable of being satisfied;
- (j) Bethpage shall deliver, or cause to be delivered to Green Star on or before the Closing Date such other certificates, agreements or other documents as may reasonably be required by Green Star or its solicitors, acting reasonably, to give full effect to this Agreement including, but not limited to, releases executed by each director and officer of Bethpage;
- (k) on the Closing Date, Bethpage shall have a maximum net working capital deficit of \$150,000;
- (l) Bethpage shall have furnished Green Star with:
  - (i) certified copies of the resolutions duly passed by the boards of directors of Bethpage approving this Agreement and the consummation of the transactions contemplated by this Agreement;
  - (ii) the resolutions duly passed by Bethpage, as the sole shareholder of Bethpage SubCo approving the Amalgamation; and
  - (iii) such other certificates, agreements, or other documents as may reasonably be required by Green Star or its solicitors, acting reasonably, to give full effect to this Agreement, including legal opinions from counsel to Bethpage and counsel to Bethpage SubCo as to their respective corporate existence and as to the proper issuance of their respective securities.

**6.3 Conditions Precedent to Obligations of Bethpage and Bethpage SubCo.** The obligation of Bethpage and Bethpage SubCo to complete the transactions contemplated hereunder shall be subject to the satisfaction of or compliance with, at or before the Closing Date, each of the following conditions precedent (each of which is hereby acknowledged to be for the exclusive benefit of Bethpage and may be waived by Bethpage in writing, in whole or in part, on or before the Closing Date):

- (a) Bethpage shall on or before the Closing Date have received from Green Star all other documents and instruments as Bethpage may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of this Agreement;
- (b) Bethpage shall on or before March 15, 2019, or such later date as the parties may agree, have received from Green Star the Green Star Disclosure Letter, in a form satisfactory to Bethpage;

- (c) all of the representations, warranties and covenants of Green Star made in or pursuant to this Agreement shall be true and correct in all material respects as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby and except as such representations and warranties may be affected by the occurrence of events or transactions that are not materially adverse and arise in the ordinary course of business) and Bethpage shall have received a certificate of Green Star dated as at the Closing Date in form satisfactory to Bethpage's solicitors, acting reasonably signed by a senior officer or director of Green Star on behalf of Green Star, certifying the truth and correctness in all material respects of the representations, warranties and covenants of Green Star set out in this Agreement;
- (d) Green Star shall have furnished Bethpage with:
  - (i) certified copies of the resolutions duly passed by the boards of directors of Green Star approving this Agreement and the consummation of the transactions contemplated by this Agreement;
  - (ii) the resolutions duly passed by the shareholders of Green Star approving the Amalgamation; and
  - (iii) such other certificates, agreements, or other documents as may reasonably be required by Bethpage or its solicitors, acting reasonably, to give full effect to this Agreement, including legal opinions from counsel Green Star as to its corporate existence and as to the proper issuance of its securities.
- (e) Green Star shall have performed and complied with all terms, covenants and conditions required by this Agreement to be performed and complied with by it prior to or on the Closing Date;
- (f) at the Closing Date, there shall have been no Material Adverse Effect on the condition of Green Star's Business (financial or otherwise), Green Star's Assets or its liabilities, earnings, or other business operations or prospects from that shown on or reflected in Green Star's Financial Statements;
- (g) all consents, approvals, orders and authorizations of any Persons or governmental authorities in Canada or elsewhere (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Green Star in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Closing Date;
- (h) the board of directors of Green Star shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in section 3.4 in a manner materially adverse to Bethpage or the completion of the Amalgamation;
- (i) there shall not have occurred any event which has a Material Adverse Effect on Green Star;
- (j) upon Closing, Green Star shall have withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof;
- (k) upon Closing, all regulatory requirements shall have been or are capable of being satisfied;
- (l) Green Star delivering a certificate certified by Green Star's CEO and CFO certifying, among other things, the current Green Star Shareholders and a list of all outstanding Green Star Shares, Green Star Warrants and Green Star Options; and



- (m) Green Star shall deliver, or cause to be delivered to Bethpage on or before the Closing Date such other certificates, agreements, or other documents as may reasonably be required by Bethpage or its solicitors, acting reasonably, to give full effect to this Agreement, including legal opinions from counsel to Green Star as to its corporate existence and as to the proper issuance of their respective securities, to give full effect to this Agreement.

#### 6.4 **Notice and Effect of Failure to Comply with Conditions.**

- (a) Each of Bethpage and Green Star shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder; provided, however, that no such notification shall affect the representations or warranties of the parties or the conditions to the obligations of the parties hereunder.
- (b) If any of the conditions precedents set forth in sections 6.1, 6.2 or 6.3 hereof shall not be complied with or waived by the party or parties for whose benefit such conditions are provided on or before the date required for the performance thereof, then a party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement (as further provided for herein) provided that prior to the filing of the Articles of Amalgamation for the purpose of giving effect to the Amalgamation, the party intending to rely thereon has delivered a written notice to the other party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent and the party in breach shall have failed to cure such breach within five (5) Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a party.
- (c) The conditions set out in this Article 6 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, Articles of Amalgamation are filed under the Act to give effect to the Amalgamation.

### **ARTICLE VII TERMINATION OF AGREEMENT**

7.1 **Rights of Termination.** If any of the conditions contained in Article VI hereof shall not be fulfilled or performed by April 30, 2019, or such other date as Bethpage and Green Star may mutually agree in writing (the “**Termination Date**”) and such condition is contained in:

- (a) Section 6.1 hereof, either of the parties hereby may terminate this Agreement by notice in writing in accordance with Section 9.2 to the other party;
- (b) Section 6.2 hereof, Green Star may terminate this Agreement by notice in writing in accordance with Section 9.2 to Bethpage;
- (c) Section 6.3 hereof, Bethpage may terminate this Agreement by notice in writing in accordance with Section 9.2 to Green Star; and
- (d) Green Star shareholders holding, in the aggregate, at least 5,714,285 Green Star Shares exercise Dissent Rights, Bethpage may, at its discretion, terminate this Agreement by notice in writing to Green Star.

Notwithstanding the foregoing, no party may terminate this Agreement if the failure to satisfy any condition was primarily caused by, or is a result of a breach by such party of its obligations hereunder

7.2 **Effect of Termination.** If this Agreement is terminated as aforesaid, immediately upon receipt, or deemed receipt in accordance with Section 9.2, by the non-terminating party of the notice of termination, the party terminating this Agreement shall be released from all obligations under this Agreement, all rights of specific performance against such party shall terminate and, unless such party can show that the condition or conditions of the non-performance of which has caused such party to terminate this Agreement were reasonably capable of being performed by the other party, then the other party shall also be released from all obligations hereunder; and further provided that any such conditions may be waived in full or in part by either of the parties without prejudice to its rights of termination in the event of the non-fulfillment or non-performance of any other condition.

7.3 **Notice of Unfulfilled Condition.** If either of Green Star or Bethpage shall determine at any time prior to the Effective Date that it intends to refuse to consummate the Amalgamation or any of the other transactions contemplated hereby because of any unfulfilled or unperformed condition contained in this Agreement on the part of the other of them to be fulfilled or performed, Green Star or Bethpage, as the case may be, shall so notify the other of them forthwith upon making such determination in order that such other of them shall have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Termination Date.

7.4 **Mutual Termination.** This Agreement may, at any time but no later than the last Business Day immediately preceding the Effective Date, be terminated by mutual agreement of the directors of Green Star and Bethpage without further action on the part of the Green Star Shareholders, and, if the Amalgamation does not become effective on or before the Termination Date, either Green Star or Bethpage may unilaterally terminate this Agreement, which termination will be effective upon a resolution to that effect being passed by its directors and notice thereof being given to the other of them.

7.5 **Termination Fee.**

- (a) In the event that a Green Star Termination Event occurs, Green Star shall pay the Termination Fee to Bethpage within 15 days of the occurrence of such Green Star Termination Event.
- (b) In the event that a Bethpage Termination Event occurs, Bethpage shall pay the Termination Fee to Green Star within 15 days of the occurrence of such Bethpage Termination Event.
- (c) The parties acknowledge that the agreements contained in this Section 7.5 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the other party would not enter into this Agreement, and that the amounts set out in this Section 7.5 represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which each Party will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. Each Party agrees that (other than with respect to claims made by or on behalf of a person based upon, arising out of or relating to any fraud, criminal acts or wilful misconduct) the payment of the Termination Fee, in the manner provided in this Section 7.5 is the sole monetary remedy of such party in respect of the event giving rise to such payment.

**ARTICLE VIII  
AMENDMENT**

8.1 **Amendment.** This Agreement may at any time be amended by written agreement of the parties hereto without, subject to applicable laws, further notice to or authorization on the part of the Green Star Shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties;

- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Green Star Shareholder without approval by the Green Star Shareholders given in the same manner as required for the approval of the Amalgamation.

## **ARTICLE IX GENERAL**

9.1 **Confidentiality and Public Notices.** Except where compliance with this Section 9.1 would result in a breach of applicable law, notices, releases, statements and communications to Third Parties, including employees of the parties and the press, relating to transactions contemplated by this Agreement will be made only in such manner as shall be authorized and approved by Green Star and Bethpage, who when required, shall use its best efforts to provide such authorization and approval to Bethpage in a timely manner as shall permit compliance by Bethpage with all continuous disclosure to any regulatory authority or obligations under any applicable securities regulations. Notwithstanding the foregoing, nothing in this Agreement shall prevent Bethpage from making any disclosure it is required to make under Applicable Security Laws or the policies of any Stock Exchange having authority. Bethpage and Green Star shall maintain the confidentiality of any information received from each other in connection with the transactions contemplated by this Agreement. In the event that the issuance of the Resulting Issuer Shares provided for in this Agreement is not consummated, each party shall return any confidential schedules, documents or other written information to the party who provided same in connection with this Agreement. Green Star agrees that it will not, directly or indirectly, make reciprocal use for its own purposes of any information or confidential data relating to Bethpage or Bethpage's Business discovered or acquired by it, its representatives or accountants as a result of Bethpage making available to it, its representatives and accountants, any information, books, accounts, records or other data and information relating to Bethpage or Bethpage's Business and Green Star agrees that it will not disclose, divulge or communicate orally, in writing or otherwise (directly or indirectly), any such information or confidential data so discovered or acquired by any other Person. Bethpage agrees that it will not, directly or indirectly, make reciprocal use for its own purposes of any information or confidential data relating to Green Star discovered or acquired by it, its representatives or accountants as a result of Green Star making available to it any information, books, accounts, records or other data and information relating to Green Star and Bethpage agrees that it will not disclose, divulge or communicate orally, in writing or otherwise, any such information or confidential data so discovered or acquired to any other Person.

9.2 **Notices.** All notices or other communications required to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery or by transmittal by facsimile or other form of recorded communication addressed to the recipient as follows:

**To Bethpage and Bethpage SubCo:**

Suite 717 – 1030 West Georgia St.  
Vancouver, BC V6E 2Y3  
Attention: Vince Sorace, CEO

with a copy to:  
Farris, Vaughan, Wills & Murphy LLP  
25th Floor, 700 W Georgia St  
Vancouver, BC V7Y 1B3  
Attention: President and Jay Sujir  
Facsimile No.: (604) 661-9349

**To Green Star:**

c/o Tingle Merrett LLP  
1250, 639 – 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 0M9  
Attention: President and Scott Reeves  
Facsimile No.: (403) 571-8008

or to such other address, facsimile number or individual as may be designated by notice given by either party to the other. Any such communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by facsimile or other form of recorded communication, shall be deemed given and received on the date of such transmission if received during the normal business hours of the recipient and on the next Business Day if it is received after the end of such normal business hours on the date of its transmission. If the party giving any such communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such communication shall not be mailed but shall be given by personal delivery or by facsimile transmittal.

9.3 **Expenses.** Except as otherwise provided herein or as otherwise agreed to by the parties hereto, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

9.4 **Time of the Essence.** Time shall be of the essence hereof.

9.5 **Further Assurances.** The parties hereto shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each party shall execute and deliver such further documents, instruments, papers and information as may be reasonably requested by another party hereto in order to carry out the purpose and intent of this Agreement.

9.6 **Law and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties hereby attorn to the non-exclusive jurisdiction of the Courts of Alberta in any dispute that may arise hereunder.

9.7 **Counterparts.** For the convenience of the parties, this Agreement may be executed in several counterparts, each of which when so executed shall be, and be deemed to be, an original instrument and such counterparts together shall constitute one and the same instrument (and notwithstanding their date of execution shall be deemed to bear date as of the date of this Agreement). A signed facsimile copy or electronically transmitted copy of this Agreement shall be effective and valid proof of execution and delivery.

9.8 **Entire Agreement.** This Agreement, including the Schedules attached hereto and Green Star Disclosure Letter, together with the agreements and other documents to be delivered pursuant hereto, constitute the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein and therein. This Agreement may not be amended or modified in any respect except by written instrument signed by all parties.

9.9 **Severability.** The invalidity or unenforceability of any provision of this Agreement or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant hereof or herein contained, and this Agreement shall be construed as if such invalid or unenforceable provision or covenant were omitted.

9.10 **Assignment.** No party may assign this Agreement without the prior written consent of the other parties.

9.11 **Enurement.** This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the successors and permitted assigns of the parties hereto.

9.12 **Waivers.** The parties hereto may, by written agreement:

- (a) extend the time for the performance of any of the obligations or other acts of the parties hereto;
- (b) waive any inaccuracies in the warranties, representations, covenants or other undertakings contained in this Agreement or in any document or certificate delivered pursuant to this agreement; or
- (c) waive compliance with or modify any of the warranties, representations, covenants or other undertakings or obligations contained in this Agreement and waive or modify performance by any of the parties thereto.

9.13 **Form of Documents.** All documents to be executed and delivered by Bethpage to Green Star on the Closing Date shall be in form and substance satisfactory to Green Star acting reasonably. All documents to be executed and delivered by Green Star to Bethpage on the Closing Date shall be in a form and substance satisfactory to Bethpage, acting reasonably.

9.14 **Construction Clause.** This Agreement has been negotiated and approved by counsel on behalf of all parties hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty will not be construed against any party hereto by reason of the authorship of any of the provisions hereof.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first written above.

**BETHPAGE CAPITAL CORP.**

Per:

*Signed "Vince Sorace"*

\_\_\_\_\_  
Name: Vince Sorace  
Title: President and Chief Executive Officer

**2173969 ALBERTA LTD.**

Per:

*Signed "Vince Sorace"*

\_\_\_\_\_  
Name: Vince Sorace  
Title: President and Chief Executive Officer

**GREEN STAR BIOSCIENCES INC.**

Per:

*Signed "Ralph Olson"*

\_\_\_\_\_  
Name: Ralph Olson  
Title: President and Chief Executive Officer

**SCHEDULE "A" – ARTICLES OF AMALGAMATION**

*(attached)*

**APPENDIX B**  
**BETHPAGE CAPITAL CORP.**  
**ANNUAL FINANCIAL STATEMENTS**

1. Bethpage Audited Financial Statements as at and for the fiscal years ended December 31, 2018, 2017 and 2016, consisting of Statements of Financial Position, Statements of Comprehensive Loss, Statements of Changes in Equity and Statements of Cash Flows.

**BETHPAGE CAPITAL CORP.**

Financial Statements

December 31, 2018

Presented in Canadian dollars





DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bethpage Capital Corp.

### Opinion

We have audited the financial statements of Bethpage Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that, as at December 31, 2018, the Company had a net working capital deficiency of \$124,644 and an accumulated deficit of \$851,383. As stated in Note 1, this event or condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

*DML*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

April 17, 2019

## BETHPAGE CAPITAL CORP.

Statements of Financial Position  
(Presented in Canadian dollars)

	December 31, 2018	December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 2,658	\$ 29,527
Receivables (Note 3)	4,780	738
<b>Total assets</b>	<b>\$ 7,438</b>	<b>\$ 30,265</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 132,082	\$ 6,616
<b>Equity</b>		
Share capital (Note 5)	571,959	571,959
Reserves (Note 5)	154,780	154,780
Deficit	(851,383)	(703,090)
<b>Total equity</b>	<b>(124,644)</b>	<b>23,649</b>
<b>Total liabilities and equity</b>	<b>\$ 7,438</b>	<b>\$ 30,265</b>

Nature and continuance of operations (Note 1)  
Subsequent events (Note 10)

These financial statements have been approved by the Board of directors and authorized for issue on April 17, 2019.

Vince Sorace  
Vince Sorace, Director

Gavin Cooper  
Gavin Cooper, Director

**BETHPAGE CAPITAL CORP.**Statements of Comprehensive Loss  
(Presented in Canadian dollars)

	Year ended December 31, 2018	Year ended December 31, 2017
Expenses		
Accounting and audit	\$ 12,450	\$ 8,400
Legal	97,732	7,133
Regulatory and listing fees	14,106	13,006
General and administrative	24,107	18,400
Management fees (Note 7)	-	5,000
	148,395	51,939
Other items		
Interest income	102	144
Comprehensive loss	\$ (148,293)	\$ (51,795)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding (Notes 5)	8,900,000	8,806,849

The accompanying notes are an integral part of these financial statements

**BETHPAGE CAPITAL CORP.**Statement of Changes in Equity  
(Presented in Canadian dollars)

	Share capital		Reserves			Total equity
	Common shares	Amount	Stock- based compensation	Warrant	Deficit	
Balance, December 31, 2016	8,400,000	\$ 525,020	\$ 58,306	\$ 96,474	\$ (651,295)	\$ 28,505
Shares issued for cash (Note 5)	500,000	46,939	–	–	–	46,939
Comprehensive loss	–	–	–	–	(51,795)	(51,795)
Balance, December 31, 2017	8,900,000	571,959	58,306	96,474	(703,090)	23,649
Comprehensive loss	–	–	–	–	(148,293)	(148,293)
<b>Balance, December 31, 2018</b>	<b>8,900,000</b>	<b>\$ 571,959</b>	<b>\$ 58,306</b>	<b>\$ 96,474</b>	<b>\$ (851,383)</b>	<b>\$ (124,644)</b>

The accompanying notes are an integral part of these financial statements

**BETHPAGE CAPITAL CORP.**

Statements of Cash Flows

(Presented in Canadian dollars)

	Year ended December 31, 2018	Year ended December 31, 2017
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss	\$ (148,293)	\$ (51,795)
Changes in non-cash working capital items:		
Receivables	(4,042)	(359)
Accounts payable and accrued liabilities	125,466	220
Net cash used in operating activities	(26,869)	(51,934)
<b>Financing activities:</b>		
Shares issued for cash	-	46,939
Net cash from financing activities	-	46,939
Change in cash	(26,869)	(4,995)
Cash, beginning	29,527	34,522
Cash, ending	\$ 2,658	\$ 29,527

The accompanying notes are an integral part of these financial statements

## **BETHPAGE CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

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### 1. Nature and continuance of operations

Bethpage Capital Corp. (the "Company") was incorporated pursuant to the Business Corporations Act of British Columbia on May 13, 2010. The Company is currently evaluating investment opportunities (see Note 10). The Company is domiciled in Canada and its registered office is at Suite 717 – 1030 West Georgia Street, Vancouver, BC.

Pursuant to a prospectus filed with the British Columbia and Alberta Securities Commissions, the Company completed an Initial Public Offering ("IPO") on June 19, 2012 and its shares were listed for trading on the TSX Venture Exchange (the "Exchange"), as a Tier 2 issuer on June 21, 2012. On October 20, 2016 the Company's listing transferred to the NEX Board of the Exchange under the symbol "BET.H".

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at December 31, 2018, the Company had no sources of revenue and is not able to finance day to day activities through operations. As at December 31, 2018, the Company had a net working capital deficiency of \$124,644 and an accumulated deficit of \$851,383. The Company's continuation as a going concern is dependent upon its ability to identify a suitable investment opportunity and raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash in hand, loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

### 2. Significant accounting policies

#### (a) Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on accrual basis, based on historical costs. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

#### (b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation asset, fair value of stock-based compensation, and deferred income tax asset valuation allowance.

## BETHPAGE CAPITAL CORP.

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (b) Use of estimates and judgments (continued)

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

#### (c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

#### (d) Income taxes

##### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred income tax*

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### (e) Financial instruments

##### Newly adopted accounting standards

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.



## BETHPAGE CAPITAL CORP.

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (e) Financial instruments (continued)

The following is the Company's new accounting policy for financial instruments under IFRS 9:

##### (i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

<u>Financial assets/liabilities</u>	<u>Original Classification IAS 39</u>	<u>New Classification IFRS 9</u>
Cash	FVTPL	FVTPL
Accounts payable	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

##### (ii) Measurement

###### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

###### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

###### Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

## BETHPAGE CAPITAL CORP.

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (e) Financial instruments (continued)

##### (iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

##### (iv) Derecognition

###### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

###### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

#### (f) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

#### (g) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the stock-based compensation reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

## BETHPAGE CAPITAL CORP.

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

### 2. Significant accounting policies (continued)

#### (h) New accounting standards issued but not yet effective

IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

### 3. Receivables

	December 31, 2018	December 31, 2017
GST receivable	\$ 4,780	\$ 664
Other receivables	-	74
	\$ 4,780	\$ 738

### 4. Accounts payable and accrued liabilities

	December 31, 2018	December 31, 2017
Trade accounts payable	\$ 122,082	\$ 616
Accrued liabilities	10,000	6,000
	\$ 132,082	\$ 6,616

### 5. Share capital

#### (a) Common shares

Authorized: unlimited common shares without par value.

Issued: At December 31, 2018, there were 8,900,000 issued and fully paid common shares (December 31, 2017 – 8,900,000).

On March 9, 2017, the Company closed a private placement and issued 500,000 common shares at a price of \$0.10 per share for gross proceeds of \$50,000. The Company incurred costs of \$3,061 relating to the private placement.

#### (b) Warrants

As at December 31, 2018, the Company had no outstanding warrants.

#### (c) Stock options

On November 9, 2011, the Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, key employees and consultants to the Company, options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares issued and outstanding. Such options will be exercisable for a period of up to 10 years from the date of

## BETHPAGE CAPITAL CORP.

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

### 5. Share capital (continued)

#### (c) Stock options (continued)

grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2016	575,000	\$ 0.15
Expired	(350,000)	\$ 0.15
Outstanding at December 31, 2017 and 2018	225,000	\$ 0.15

The weighted average contractual life of the options outstanding is 3.47 years.

The following table summarizes information about stock options outstanding and exercisable at December 31, 2018:

Number of Shares	Exercise Price	Expiry date	Exercisable
225,000	\$0.15	June 21, 2022	225,000

#### (d) Reserves

##### Stock-based compensation reserve

The stock-based compensation reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

##### Warrant reserve

The warrant reserve records the value recorded for warrants issued until such time the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

### 6. Income taxes

The actual income tax provision differs from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are estimated as follows:

**BETHPAGE CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

## 6. Income taxes (continued)

	2018	2017
Loss before income taxes	\$ (148,293)	\$ (51,795)
Corporate tax rate	27.0%	26.0%
Expected tax recovery at statutory rates	(40,039)	(13,467)
Decrease (increase) resulting from:		
Non-deductible items	289	(796)
Change in rate	(7,364)	-
Deferred tax assets not recognized	47,114	14,263
Income tax recovery	\$ -	\$ -

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	2018	2017
Potential deferred income tax assets:		
Non-capital losses available	\$ 197,355	\$ 151,608
Share issue costs and other	41,216	39,849
Net potential deferred income tax assets	238,571	191,457
Valuation allowance	(238,571)	(191,457)
Deferred income tax assets	\$ -	\$ -

Non-capital losses expire as follows:

	Canadian non-capital losses
2031	\$ 59,440
2032	85,588
2033	134,057
2034	118,925
2035	73,650
2036	57,973
2037	52,407
2038	148,905
	\$ 730,945

Management has determined that there is insufficient likelihood of recovery to record a benefit arising from potential tax assets. Accordingly a 100% valuation allowance has been applied.

## 7. Related Party Transactions

During the year ended December 31, 2018, the Company incurred \$nil (2017 - \$5,000) in management fees to the officer of the Company.

## 8. Financial instruments and risks

## (a) Fair values

The fair values of cash, receivables and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

## **BETHPAGE CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

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### 8. Financial instruments and risks (continued)

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

#### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

#### (d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

#### (e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

#### (f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. Price risk is assessed as low.

### 9. Capital management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent on external financing to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

### 10. Subsequent events

The Company entered into an Amalgamation Agreement dated effective February 28, 2019, pursuant to which the Company will acquire all of the issued and outstanding securities of Green Star Biosciences Inc. ("Green Star") in exchange for securities of the Company.

## **BETHPAGE CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Presented in Canadian dollars)

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### 10. Subsequent events (continued)

The proposed transaction is expected to be carried out by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia). The Company will consolidate its common shares on a one for two basis. The transaction is subject to, among other things, receipt of the requisite shareholder approvals and regulatory approvals, including approval of the Exchange and the CSE.

For purposes of the proposed transaction, the Company registered a new, wholly-owned subsidiary company, 2173969 Alberta Ltd., incorporated on February 21, 2019.

Pursuant to the transaction, and following the consolidation, the issued and outstanding common shares of Green Star will be exchanged for common shares of the Company on a one-for-one basis.

The Company intends to change the name of the Company to Green Star Biosciences Corp. The name change will take place upon closing of the transaction.

**APPENDIX C**  
**GREENSTAR BIOSCIENCES INC.**  
**ANNUAL AND INTERIM MD&A**



**Green Star Biosciences Inc.**  
**Amended and Restated Management Discussion and Analysis**  
**For the period from incorporation on March 21, 2018 to August 31, 2018**  
(expressed in Canadian Dollars)

This **amended and restated** management's discussion and analysis ("MD&A") is dated February 15, 2019 and the following discussion and analysis of the Company's financial condition and results of operations for the period from incorporation on March 21, 2018 to ended August 31, 2018 should be read in conjunction with the **amended and restated** financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Disclaimer

### **Forward Looking Information**

Certain statements in this annual report are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities such as intended work programs on existing properties, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and the Company's ability to manage its property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements; these risks are outlined substantially in the Company's prospectus.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### **Overview**

Green Star Biosciences Inc. (the "Company") was incorporated under the Business Corporations Act of Alberta on March 21, 2018. The Company is currently seeking an application to list on the Canadian Securities Exchange.

Since inception, the Company has sought to invest in cannabis-related assets and companies for the purpose of creating value by participation in the growth of the cannabis industry. The Company has recognized and believes that the use and application of cannabis, and cannabis based products is an early stage industry that has substantial room for growth, fueled by changes in regulations, the acceptance that CBD is beneficial for specific ailments, and awareness of the purported health and wellness benefits. The

Company owns cannabis related brands and provides management related services and leased real estate to a cannabis producer and processor. Following regulatory changes, management sees an opportunity for growth and expansion in this industry.

The Company owns the property leases and brands of Cowlitz County Cannabis Cultivation Inc. (“Cowlitz”), a licensed cannabis producer and processor located in Washington State. Cowlitz is a leading producer, marketer and vendor in the Washington State recreational cannabis market. Known for sourcing high-quality cannabis sold at affordable prices to a broad and established consumer base, Cowlitz’s portfolio of branded products is available at approximately 20% of cannabis retailers throughout Washington State. Cowlitz is a top five producer and processor of cannabis in Washington and is the largest independent buyer of dried flower, producing over 200,000 pre-rolls monthly. Currently, Cowlitz produces flower, dabs, pre-rolls, a full spectrum of cannabinoid powder, and infused joints under brand categories: “Dab Dudes” – affordably priced vape cartridges, BHO waxes and crystalline, “Hi Guys” – the ‘working man’s weed’, including flower, joints and BHO, and “Cowlitz Gold” – premium flower, joints, BHO and vape cartridges. Cowlitz branded products are currently available in approximately 20% of the dispensaries in Washington State.

The principal operations of the Company’s sole client are located in Washington State and therefore highly regulated under regimes in the United States. Washington State regulations require that every individual with an ownership or equity interest, with a right to receive a percentage of gross or net profits, or who exercises control over a licensed marijuana operator must apply for licensing with the Washington State Liquor and Cannabis Board be approved. This requires applicants to be a Washington State resident. As such, regulations surrounding the Company

The Company expects to fund its operations through the cash flow provided from the Lease Agreement and License Agreement with Cowlitz. Management believes that the Company can continue to expand its cannabis-related holdings by providing tailored, state law compliant, and financially attractive sources of funding and/or equity investment to cannabis and cannabis-connected companies.

The Company regularly monitors changing regulatory requirements and endeavors to advance its goal of growth of the cannabis industry by vertically integrating its business operations with Cowlitz.

## **Overall Performance**

The growth of the Company’s financial condition since inception was as planned for the five months ended August 31, 2018. The Company generated revenues in the period through the acquisition and subsequent license of its intellectual property, and through a lease agreement with Cowlitz. A significant cash position was generated through the capital transactions in the period since inception.

## **Acquired Intangible Asset**

On May 17, 2018, the Company entered into an Intellectual Property Purchase Agreement with Cowlitz whereby the Company purchased an intangible asset from Cowlitz for consideration of US\$3,000,000 (\$3,885,708). The value of the acquired intangible asset is in product branding of cannabis and cannabis-related products and has an estimated useful saleable life of twenty years at acquisition. The Company recorded \$56,468 in amortization of the intangible asset during the period ended August 31, 2018. As at August 31, 2018, the carrying value of the intellectual property is \$3,829,366.

After purchasing the intangible asset, the Company entered into a License Agreement with Cowlitz which granted Cowlitz a perpetual, irrevocable, non-exclusive, non-assignable, non-sublicensable right

and license to use, manufacture, have manufactured and sell Licensed Products in Washington State and to use the IP in connection with the Licensed Products. Pursuant to the terms of the License Agreement, Cowlitz will pay monthly license fees based on actual sales on a per-unit basis.

During the period ending August 31, 2018, the Company recognized \$128,451 in licensing royalties earned pursuant to the License Agreement.

### **Leases**

On May 17, 2018, the Company entered into a Lease Purchase Agreement with the landlord of the premises of Cowlitz County Cannabis Cultivation Inc. (“Cowlitz”) under which the Company paid US\$500,000 (\$639,420) to purchase the rights to the lease and paid an additional US\$60,000 (\$77,714) as a lease deposit. The purchase price of the lease rights is being amortized over the term of the lease which expires on June 30, 2022. As at August 31, 2018, the Company recorded amortization of the rights to the lease of \$46,115 and the carrying value of the lease is \$601,605.

During the period ending August 31, 2018, the Company recorded gross rental income of \$107,979 in lease revenue under the terms of the Sublease Agreement with Cowlitz.

During the period ending August 31, 2018, the Company incurred lease expense of \$62,988 under the terms of the Lease Agreement, pursuant to the Lease Purchase Agreement.

### **Results of Operations**

#### **Selected Annual Information**

The following table is a summary of selected financial information (in Canadian dollars) derived from the Company's financial statements prepared in accordance with IFRS for the period ended August 31, 2018:

	<b>August 31, 2018</b>
Revenue	\$ 236,430
Net loss for the period	\$ (4,625,259)
Comprehensive loss for the period	\$ (4,624,840)
Total assets	\$ 7,067,113
Total long-term financial liabilities	\$ 3,433,644
Basic and diluted net loss per share for the period	\$ (0.18)
Weighted average number outstanding	25,600,769

The Company recorded revenue of \$236,430 in the period since inception to August 31, 2018, comprised of license royalties \$128,451 and lease revenue of \$107,979.

During its first year of operations, the period ended August 31, 2018, the Company incurred costs to commence its business plans. Including entering into an agreement to acquire intellectual property, and the assignment and purchase of a lease agreement. These costs result in an overall net loss of \$4,625,259.

## Results of Operations

For the period ended August 31, 2018 from incorporation on March 21, 2018:

### Revenue

The Company recorded revenue of \$236,430 from incorporation on March 21, 2018 to August 31, 2018 comprised of license royalties \$128,451 and lease revenue of \$107,979. Monthly license royalties are paid based on actual sales on a per-unit basis and may vary in future periods based on sales volume. Lease revenue is expected to continue on a monthly basis for the remainder of the lease term until 2022.

### Operating expenses

The Company incurred operating expenses of \$1,608,391 since its inception in March of 2018. Operating costs for the period ended August 31, 2018 can be summarized as follows:

<b>Period from Incorporation March 21, 2018 to August 31, 2018</b>		
General and administrative	\$	585,345
Advertising and marketing		21,984
Management fees		155,774
Lease expense		62,988
<b>Fees and reimbursements expenses</b>		<b>134,306</b>
Amortization of intangible asset		56,468
Amortization of lease		46,115
Shared-based compensation		545,411
<b>Total operating expenses</b>	<b>\$</b>	<b>1,608,391</b>

The significant expenditures in the period can be described as follows:

- Fees and reimbursements of \$134,306 in the period relate to legal and consulting fees incurred to enter into several agreements, including a Lease Purchase, Assignment and Assumption Agreement with Cowlitz's Landlord.
- Lease expenses of \$62,988 are incurred on a monthly basis in relation to operating costs of the lease. These are expected to continue over the term of the lease until 2022.
- General and administrative costs of \$585,345 consist of consulting fees of \$396,784, professional fees of \$160,170, office and administrative fees of \$24,145 and filing fees of \$4,248.

### Other income (expense)

For the period from incorporation on March 21, 2018 to August 31, 2018, the Company incurred \$28,550 in interest expenses and \$36,134 in foreign exchange loss. The Company also incurred \$43,645 in financing costs, and a loss on the change in fair value of a derivative liability of \$3,144,969.

## Liquidity and Capital Resources

The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. As at August 31, 2018, the Company had cash resources of \$2,486,669 to settle \$115,355 in current liabilities. The Company had a working capital of \$2,443,073.

To date, the Company has not yet realized profitable operations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future.

### Cash flows for the period from incorporation on March 21 to August 31, 2018

The Company began the year with cash of \$Nil at incorporation and ended the period from incorporation to August 31, 2018 with a cash balance of \$2,486,669, for an overall increase of \$2,486,669.

The Company consumed \$836,148 in operating activities which reflects the expenditures of the statement of loss and comprehensive loss adjusted for certain non-cash expenses and working capital balances.

Financing activities included raising \$8,117,007 from the issuance of share capital, and \$17,518 in share capital yet to be issued. Share issuance costs relating to these financing activities were \$278,382.

These capital resources were then used to invest a total of \$4,533,326 in the purchase of intangible asset and purchase of lease.

## Related Party Disclosures

### *Key Management compensation*

Key management consists of the Officers and Directors who are responsible for planning, directing, and controlling the activities of the Company.

During the period from Incorporation March 21, 2018 to August 31, 2018, the Company incurred charges with an officer and directors, which comprise key management compensation as follows:

	<b>For the period from Incorporation March 21 to August 31, 2018</b>	
Management fees	\$	155,774
Share based payments		341,696
	\$	497,470

Share-based payments are the fair value of options granted to key management personnel as at the grant date.

### *Related party transactions*

During the period from Incorporation March 21, 2018 to August 31, 2018, the Company incurred \$122,768 in legal costs to a company controlled by a related party. This transaction was incurred at market rate.

During the period from incorporation March 21, 2018 to August 31, 2018, the Company incurred US\$15,407 (\$20,000) in interest on the loan provided by a company owned by an officer of the Company. The loan was issued during the period from incorporation on March 21, 2018 to August 31, 2018 and was fully re-paid by August 31, 2018.

On April 10, 2018, the Company entered into an agreement with Northwest Cultivation Corp. (“Northwest”), a company controlled by directors and officers of the Company, to reimburse costs incurred in connection with transactions involving Cowlitz. Under the terms of the agreement, Northwest received US\$103,462 (\$134,306) in expense reimbursements and US\$150,000 (\$193,429) in repayment of deposits incurred in connection with transactions involving Cowlitz. The Company expensed the \$134,306 of costs of Northwest as a reimbursement and applied the deposits towards the purchase of the Cowlitz intangible asset.

*Related party balances*

As at August 31, 2018, included in accounts payable and accrued liabilities is \$5,000 in amounts payable to a company owned by an officer of the Company for unpaid management fees. The amount is unsecured, non-interest bearing and due on demand.

**Restatement**

The figures for the period from incorporation on March 21, 2018 to August 31, 2018 have been restated to correct an error in the valuation of share purchase warrants that were issued in the unit placements. The initial amount recorded on issuance has been corrected from \$1,963,978 to \$299,796 reflecting a reallocation of \$1,664,182 from warrants to share capital based upon the issued value of warrants which is recorded as a derivative liability. This warrant based derivative liability has been revalued as at August 31, 2018 using the estimated share price, remaining term of the warrants, volatility and foreign-exchange rate at August 31, 2018 resulting in correction from \$1,963,978 to \$3,433,644. The total correction in the derivative liability results in the net loss for the period ended August 31, 2018 increasing by \$3,144,969, and in an other comprehensive income foreign exchange adjustment of \$9,212, for a net increase in Comprehensive Loss of \$3,135,757.

The restated amounts are shown in the following financial statement figures and totals:

**Statement of financial position:**

	As previously reported	Adjustment	As Restated
As at August 31, 2018	\$	\$	\$
<hr/>			
Derivative liability	1,962,069	1,471,575	3,433,644

Total liabilities	2,077,424	1,471,575	3,548,999
Share capital	5,657,844	1,664,182	7,322,026
Accumulated other comprehensive income	(8,793)	9,212	419
Accumulated deficit	(1,480,290)	(3,144,969)	(4,625,259)
Total equity	4,989,689	(1,471,575)	3,518,114
Total equity and liabilities	7,067,113	-	7,067,113

**Financial statement of loss and comprehensive loss:**

	As previously reported	Adjustment	As Restated
For the period from Incorporation on March 21, 2018 to August 31, 2018			
	\$	\$	\$
Other items			
Change in fair value of derivative liability	-	(3,144,969)	(3,144,969)
Net loss	(1,480,290)	(3,144,969)	(4,625,259)
Other comprehensive income			
Foreign currency translation adjustments	(8,793)	9,212	419
Comprehensive loss	(1,489,083)	(3,135,757)	(4,624,840)
Loss per share, basic and diluted	(0.06)	(0.12)	(0.18)

**Financial statement of changes in equity:**

	As previously reported	Adjustment	As Restated
For the period from Incorporation on March 21, 2018 to August 31, 2018	\$	\$	\$
Share capital	5,657,844	1,664,182	7,322,026



Accumulated other comprehensive income	(8,793)	9,212	419
Accumulated deficit	(1,480,290)	(3,144,969)	(4,625,259)

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**Financial statement of cash flows:**

For the period from Incorporation on March 21, 2018 to August 31, 2018	As previously reported	Adjustment	As Amended
	\$	\$	\$

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Operating activities

Net loss for the period	(1,480,290)	(3,144,969)	(4,625,259)
Change in fair value of derivative liability	-	3,144,969	3,144,969

**Subsequent Events**

- a) In October 2018, the Company amended its Intellectual Property Purchase Agreement with Cowlitz to reflect the purchase of additional IP for total consideration of US\$200,000 (paid).
- b) On November 1, 2018, the Company issued 2,500,000 units in a non-brokered private placement at \$0.05 per unit for gross proceeds of \$125,000. These units were issued as a result of an overlooked subscription from the May 10, 2018 unit offering. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.10 per warrant until May 10, 2020.
- c) On November 30, 2018, pursuant to the terms of the Agency Agreement, the Company issued 635,850 Penalty Units. Each unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant until November 30, 2020.
- d) On December 19, 2018, the Company issued 50,000 common shares in a non-brokered private placement at \$0.20 per share for gross proceeds of \$10,000. These shares were issued as a result of an overlooked subscription from the May 18, 2018 share offering.
- e) On January 4, 2019, the Company issued 977,413 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$342,095. Each unit consists of one common share in the

Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

### **Outstanding Share Data**

At the date of this MD&A, the shares outstanding were 60,419,861 issued and outstanding shares of common stock. The total warrants outstanding at period end were 44,593,969 and total exercisable stock options of 4,445,095. If all of these warrants and options were converted, they would represent an additional 49,039,064 shares for total issued and fully diluted total of 109,458,925.

### **Proposed Transactions**

The Company is currently in negotiation to complete a three-cornered amalgamation and, as a result, the amalgamated corporation will become a wholly-owned subsidiary of a reporting issuer on closing and the former shareholders of the Company will become shareholders of the reporting issuer and receive shares of the reporting issuer. The proposed transaction will constitute a reverse take-over under applicable securities laws upon closing.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

### **Significant Accounting Policies**

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the period ended August 31, 2018 and have been consistently followed in the preparation of these consolidated financial statements.

#### **Accounting standards, and amendments, issued but not yet effective**

The following standards are effective for annual periods beginning on or after January 1, 2019:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company expects that it will recognize additional assets and liabilities as a result of the current leasing arrangements. The full extent of the impact of adoption of this standard has not been determined.

**IFRS 16 Leases** - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

## **Critical Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company's ability to continue as a going concern.

**Green Star Bioscience Inc.**  
**Management Discussion and Analysis**  
**For the six months ended February 28, 2019**  
(expressed in Canadian Dollars)

This management's discussion and analysis ("MD&A") is dated May 15, 2019 and the following discussion and analysis of the Company's financial condition and results of operations for the six month period ended February 28, 2019 should be read in conjunction with the consolidated financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Disclaimer

## **Forward Looking Information**

Certain statements in this annual report are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities such as intended work programs on existing properties, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and the Company's ability to manage its property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements; these risks are outlined substantially in the Company's prospectus.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## **Overview**

Green Star Biosciences Inc. (the "Company") was incorporated under the Business Corporations Act of Alberta on March 21, 2018. The Company is currently seeking an application to list on the Canadian Securities Exchange.

Since inception, the Company has sought to invest in cannabis-related assets and companies for the purpose of creating value by participation in the growth of the cannabis industry. The Company has recognized and believes that the use and application of cannabis, and cannabis based products is an early stage industry that has substantial room for growth, fueled by changes in regulations, the acceptance that CBD is beneficial for specific ailments, and awareness of the purported health and wellness benefits. The Company owns cannabis related brands and provides management related services and leased real estate to a cannabis producer and processor. Following regulatory changes, management sees an opportunity for growth and expansion in this industry.

The Company owns the property leases, brands of, and is the primary financial and marketing administrator of, Cowlitz County Cannabis Cultivation Inc. (“Cowlitz”), a licensed cannabis producer and processor located in Washington State. Cowlitz is a leading producer, marketer and vendor in the Washington State recreational cannabis market. Known for sourcing high-quality cannabis sold at affordable prices to a broad and established consumer base, Cowlitz’s portfolio of branded products is available at approximately 20% of cannabis retailers throughout Washington State. Cowlitz is a top five producer and processor of cannabis in Washington and is the largest independent buyer of dried flower, producing over 200,000 pre-rolls monthly. Currently, Cowlitz produces flower, dabs, pre-rolls, a full spectrum of cannabinoid powder, and infused joints under brand categories: “Dab Dudes” – affordably priced vape cartridges, BHO waxes and crystalline, “Hi Guys” – the ‘working man’s weed’, including flower, joints and BHO, and “Cowlitz Gold” – premium flower, joints, BHO and vape cartridges. Cowlitz branded products are currently available in approximately 20% of the dispensaries in Washington State.

The principal operations of the Company are located in Washington State and therefore highly regulated under regimes in the United States. Washington State regulations require that every individual with an ownership or equity interest, with a right to receive a percentage of gross or net profits, or who exercises control over a licensed marijuana operator must apply for licensing with the Washington State Liquor and Cannabis Board be approved. This requires applicants to be a Washington State resident. As such, regulations surrounding the Company

The Company expects to fund its operations through the cash flow provided from the Lease Agreement and License Agreement with Cowlitz. Management believes that the Company can continue to expand its cannabis-related holdings by providing tailored, state law compliant, and financially attractive sources of funding and/or equity investment to cannabis and cannabis-connected companies.

The Company regularly monitors changing regulatory requirements and endeavors to advance its goal of growth of the cannabis industry by vertically integrating its business operations with Cowlitz.

## **Overall Performance**

The growth of the Company’s financial condition since inception was as planned for the six months ended February 28, 2019. The Company generated revenues in the period through the acquisition and subsequent license of its intellectual property, and through a lease agreement with Cowlitz. A significant cash position was generated through the capital transactions in the period since inception.

## **Acquired Intangible Asset**

On May 17, 2018, the Company entered into an Intellectual Property Purchase Agreement with Cowlitz whereby the Company purchased an intangible asset from Cowlitz for consideration of US\$3,000,000 (\$3,885,708). The value of the acquired intangible asset is in product branding of cannabis and cannabis-related products and has an estimated useful saleable life of twenty years at acquisition. During the three months ended November 30, 2018, the Company entered into an agreement to amend its Intellectual Property Purchase Agreement with Cowlitz to include additional product branding for consideration of US\$200,000 (\$265,961).

After purchasing the intangible asset, the Company entered into a License Agreement with Cowlitz which granted Cowlitz a perpetual, irrevocable, non-exclusive, non-assignable, non-sublicensable right and license to use, manufacture, have manufactured and sell Licensed Products in Washington State and

to use the IP in connection with the Licensed Products. Pursuant to the terms of the License Agreement, Cowlitz will pay monthly license fees based on actual sales on a per-unit basis.

### Leases

On May 17, 2018, the Company entered into a Lease Purchase Agreement with the landlord of the premises of Cowlitz County Cannabis Cultivation Inc. (“Cowlitz”) under which the Company paid US\$500,000 (\$639,420) to purchase the rights to the lease and paid an additional US\$60,000 (\$78,969) as a lease deposit. The purchase price of the lease rights is being amortized over the term of the lease which expires on June 30, 2022. During the six months ended February 28, 2019, the Company recorded amortization of the rights to the lease of \$81,946 and a foreign exchange adjustment on the opening balance of \$12,567, and the carrying value of the lease is \$532,226 at February 28, 2019 (August 31, 2018 - \$601,605).

During the six months ended February 28, 2019, the Company recorded gross rental income of \$226,865 in lease revenue under the terms of the Sublease Agreement with Cowlitz.

During the three months ended February 28, 2019, the Company incurred lease expense of \$113,431 under the terms of the Lease Agreement, pursuant to the Lease Purchase Agreement.

### Results of Operations

During the three months ended February 28, 2019, the Company continued to incur costs to commence its business plans. The Company invested in business connections by issuing promissory notes. Costs incurred over the 3 months resulted in an overall net loss of \$318,908 and a loss of \$876,586 for the six months ended February 28, 2019.

### Revenue

The Company recorded revenue of \$212,958 for the three months ended February 28, 2019 was comprised of license royalties of \$94,901 and lease revenue of \$118,057. For the six months ended February 28, 2019, the company recorded revenue \$417,913, comprised of license royalties of \$191,048 and lease revenue of \$226,865.

Monthly license royalties are paid based on actual sales on a per-unit basis and may vary in future periods based on sales volume. Lease revenue is expected to continue on a monthly basis for the remainder of the lease term until 2022.

### Operating expenses

The Company incurred operating expenses of \$750,828 and \$1,723,248 during the three and six months ended February 28, 2019 respectively. These operating costs can be summarized as follows:

		<b>For the three months ended February 28, 2019</b>	<b>For the six months ended February 28, 2019</b>
<b>General and administrative</b>	\$	204,827	473,799
<b>Advertising and marketing</b>		15,943	154,918
<b>Management fees</b>		66,456	122,729

<b>Lease expense</b>		59,027	113,431
<b>Amortization of intangible asset</b>		55,946	106,477
<b>Amortization of lease</b>		42,426	81,946
<b>Share-based compensation</b>		306,203	669,948
<b>Total operating expenses</b>	\$	750,828	1,723,248

The significant expenditures in the period can be described as follows:

- Lease expenses of \$59,027 are incurred on a monthly basis in relation to operating costs of the lease. These are expected to continue over the term of the lease until 2022.
- General and administrative costs of \$204,827 consist of consulting fees of \$61,273, professional fees of \$111,448, and office and administrative fees of \$32,106.

### Other income (expense)

For the three and six months ended February 28, 2019, the Company incurred \$12,831 gain and a \$48,583 loss due to foreign exchange. The Company also incurred a gain of \$206,131 and \$477,333 for the three and six months ended February 28, 2019 related to the change in fair value of the Company's derivative liability.

### Summary of Quarterly Results

<b>Three months ended,</b>	<b>February 28, 2019</b>	<b>Nov. 30, 2018</b>	<b>Aug. 31 2018</b>	<b>May. 31, 2018</b>
	\$	\$	\$	\$
Total Revenue	212,958	204,955	227,022	9,408
Net Loss	(318,908)	(557,678)	(4,147,792)	(477,467)
Basic and diluted net loss per share	(0.01)	(0.01)	(0.18)	(0.01)

### Liquidity and Capital Resources

The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. As at February 28, 2019, the Company had cash resources of \$1,321,871 to settle \$28,999 in current liabilities. The Company had a working capital of \$2,204,729.

To date, the Company has not yet realized profitable operations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future.

### Cash flows for the six months ended February 28, 2019

The Company began the year with cash of \$2,486,669 as at August 31, 2018 and ended the six months ended February 28, 2019 with a cash balance of \$1,321,871, for an overall decrease of \$1,164,798.

The Company consumed \$703,592 in operating activities which reflects the expenditures of the statement of loss and comprehensive loss adjusted for certain non-cash expenses and working capital balances.



Financing activities included raising \$467,095 from the issuance of share capital. The Company issued promissory notes receivable of \$665,072.

These capital resources were then used to invest a total of \$263,229 in the purchase of additional intangible assets.

## Related Party Disclosures

### *a) Key management compensation*

Key management<sup>1</sup> consists of the officers and directors who are responsible for planning, directing and controlling the activities of the Company.

During the three months ended February 28, 2019, the Company incurred charges with an officer and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

	For the six months ended February 28, 2019	
Management fees	\$	125,319
Share based compensation		103,594
	\$	228,913

During the six months ended February 28, 2019, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

Share-based payments are the fair value of options granted to key management personnel as at the grant date.

### *b) Other transactions*

During the six months ended February 28, 2019, the Company incurred \$118,195 in legal costs to a law firm<sup>2</sup> in which a director is a partner. The legal costs are included in general and administrative expenses in the statement of comprehensive loss.

During the six months ended February 28, 2019, the Company incurred \$7,648 in accounting fees to a Company<sup>3</sup> owned by the Chief Financial Officer. The accounting fees are included in general and administrative expenses in the statement of comprehensive loss.

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<sup>1</sup> Key management personnel include Ralph Olson, Chief Executive Officer; Alex McAulay, Chief Financial Officer, and Scott Reeves, Director.

<sup>2</sup> Tingle Merrett LLC, of which Scott Reeves is a partner.

<sup>3</sup> ACM Management Inc., owned by Alex McAulay.

*c) Related party balances*

As at February 28, 2019, included in accounts payable and accrued liabilities is \$Nil (August 2018 - \$5,000) in amounts payable to a company owned by a director of the Company for unpaid legal fees. The amount is unsecured, non-interest bearing and due on demand.

As at February 28, 2019, included in accounts payable and accrued liabilities is \$10,672 (August 2018 - \$Nil) in amounts payable to a company owned by a director of the Company for unpaid accounting fees. The amount is unsecured, non-interest bearing and due on demand.

## **Subsequent Events**

a) On March 25, 2019, the Company issued 385,429 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$134,900. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

b) On March 30, 2019, the Company issued 500,000 stock options to consultants of the Company. The options will vest as follows: 250,000 on March 30, 2019 and 250,000 on March 30, 2020. Each option is exercisable into one common share of the Company at an exercise price of \$0.35 per stock option until March 30, 2029.

c) On March 31, 2019, pursuant to the terms of the Agency Agreement, the Company issued 317,925 Penalty Units. Each Penalty Unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months.

d) On May 1, 2019, the Company issued 501,000 stock options to a consultant in exchange for services. The options will vest 20,875 at the end of each calendar year. Each option is exercisable into one common share of the Company at an exercise price of \$0.35 per stock option until February 1, 2024.

e) On May 15, 2019, the Company issued 290,537 units in a non-brokered private placement at \$0.45 per unit for gross proceeds of \$130,741. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

f) On May 22, 2019, the Company issued 711,111 units in a non-brokered private placement at \$0.45 per unit for gross proceeds of \$320,000. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

## **Outstanding Share Data**

At the date of this MD&A, the shares outstanding were 62,522,788 issued and outstanding shares of common stock. The total warrants outstanding at period end were 45,671,852 and total exercisable stock options of 6,146,103. If all of these warrants and options were converted, they would represent an additional 51,817,955 shares for total issued and fully diluted total of 114,340,743.

## **Proposed Transactions**

The Company is currently in negotiation to complete a as a three-cornered amalgamation and, as a result, the amalgamated corporation will become a wholly-owned subsidiary of a reporting issuer on closing and the former shareholders of the Company will become shareholders of the reporting issuer and receive shares of the reporting issuer. The proposed transaction will constitute a reverse take-over under applicable securities laws upon closing.

## **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

## **Significant Accounting Policies**

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the period ended August 31, 2018 and have been consistently followed in the preparation of the condensed consolidated interim financial statements.

### **Accounting standards, and amendments, issued but not yet effective**

The following standards are effective for annual periods beginning on or after January 1, 2019:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company expects that it will recognized additional assets and liabilities as a result of the current leasing arrangements. The full extent of the impact of adoption of this standard has not been determined.

**IFRS 16 Leases** - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

## **Critical Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future

periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company's ability to continue as a going concern.

**APPENDIX D**  
**GREEN STAR BIOSCIENCES INC. ANNUAL AND INTERIM FINANCIAL STATEMENTS**

1. GSB audited Financial Statements for the period from incorporation, March 21, 2018 to August 31, 2018, consisting of Balance Sheets, Statements of Operations, Statements of Changes in Shareholders' Equity and Statements of Cash Flow and the notes thereto.
2. GSB unaudited interim Financial Statements for the six month period ended February 28, 2019, consisting of Balance Sheet, Statement of Operations, Statement of Changes in Shareholders' Equity and Statements of Cash Flow and the notes thereto.

**GREEN STAR BIOSCIENCES INC.**  
**AMENDED AND RESTATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM INCORPORATION ON MARCH 21, 2018 TO AUGUST 31, 2018**  
**(EXPRESSED IN CANADIAN DOLLARS)**



## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders of  
Green Star Biosciences Inc.

We have audited the accompanying financial statements of Green Star Biosciences Inc. which comprise the statement of financial position as at August 31, 2018 and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on March 21, 2018 to August 31, 2018, and the related notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Green Star Biosciences Inc. as at August 31, 2018, and its financial performance and cash flows for the period from incorporation on March 21, 2018 to August 31, 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Green Star Biosciences Inc. to continue as a going concern.

### **Restatement of Financial Statements**

Without modifying our opinion, we draw attention to Note 15 to the financial statements as at August 31, 2018 and for the period from incorporation on March 21, 2018 to August 31, 2018 which indicate that these financial statements have been restated from those on which we originally reported on January 16, 2019 and more extensively describes the reasons for the restatement.

*/S/ Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
February 15, 2019

**GREEN STAR BIOSCIENCES INC.**Statement of Financial Position  
(Expressed in Canadian Dollars)

As at	Notes	August 31, 2018 (Restated – Note 15)
<b>ASSETS</b>		
Current assets		
Cash	11	\$ 2,486,669
Trade receivables	5	71,759
<b>Total current assets</b>		<b>2,558,428</b>
Deposit on lease	6	77,714
Lease, net of amortization	6	601,605
Intangible asset	7	3,829,366
<b>Total assets</b>		<b>\$ 7,067,113</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Liabilities</b>		
Current liabilities		
Trade payables and accrued liabilities		\$ 115,355
<b>Total current liabilities</b>		<b>115,355</b>
Derivative liability	9c	3,433,644
<b>Total liabilities</b>		<b>3,548,999</b>
<b>Equity</b>		
Share capital	9	7,322,026
Shares to be issued	9	17,518
Reserves	9	803,410
Accumulated other comprehensive income		419
Deficit		(4,625,259)
<b>Total equity</b>		<b>3,518,114</b>
<b>Total equity and liabilities</b>		<b>\$ 7,067,113</b>

Nature of Operations and Going Concern (Note 1)

Commitments (Note 13)

Subsequent Events (Note 16)

**Approved on behalf of the Board:**“Scott Reeves” Director



“Ralph Olson” Director

**GREEN STAR BIOSCIENCES INC.**

Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Notes		Period from Incorporation on March 21, 2018 to August 31, 2018 (Restated – Note 15)
<b>Revenue</b>			
License royalties	7	\$	128,451
Lease	6		107,979
			236,430
<b>Operating expenses</b>			
General and administrative	8	\$	585,345
Advertising and marketing			21,984
Management fees	8		155,774
Lease expense	6		62,988
Fees and reimbursements	7		134,306
Amortization of intangible asset	7		56,468
Amortization of lease	6		46,115
Share-based compensation	8		545,411
			1,608,391
<b>Loss before other items</b>			(1,371,961)
<b>Other items</b>			
Foreign exchange loss			(36,134)
Interest expense			(28,550)
Finance costs			(43,645)
Change in fair value of derivative liability	9		(3,144,969)
<b>Net loss</b>			(4,625,259)
<b>Other comprehensive income</b>			
Item that will be reclassified subsequently to loss:			
Foreign currency translation adjustments			419
<b>Comprehensive loss</b>		\$	(4,624,840)
Weighted average number of common shares outstanding			
			25,600,769

Basic and diluted net loss per share	\$	(0.18)
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**GREEN STAR BIOSCIENCES INC.**

Statement of Cash Flows

(Expressed in Canadian Dollars)

	<b>Period from Incorporation on March 21, 2018 to August 31, 2018 (Restated – Note 15)</b>	
<b>Operating activities</b>		
Net loss	\$	(4,625,259)
Adjustments for non-cash items		
Amortization of lease		46,115
Amortization of intangible asset		56,468
Share-based compensation		545,411
Change in fair value of derivative		3,144,969
Finance costs		43,645
Unrealized foreign exchange		(13,379)
Changes in non-cash working capital items:		
Trade receivables		(71,759)
Deposit on lease		(77,714)
Trade payables and accrued liabilities		115,355
<b>Net cash used in operating activities</b>		<b>(836,148)</b>
<b>Investing activities</b>		
Purchase of lease		(647,618)
Purchase of intangibles		(3,885,708)
<b>Net cash used in investing activities</b>		<b>(4,533,326)</b>
<b>Financing activities</b>		
Proceeds from issuance of share capital		8,117,007
Shares to be issued		17,518
Share issuance costs		(278,382)
<b>Net cash provided by financing activities</b>		<b>7,856,143</b>
<b>Net increase in cash</b>		<b>2,486,669</b>
<b>Cash, beginning of period</b>		<b>-</b>
<b>Cash, end of period</b>	<b>\$</b>	<b>2,486,669</b>

Supplemental Disclosures with Respect to Cash Flow (Note 14)

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Interest paid	\$	-
Taxes paid	\$	-

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**GREEN STAR BIOSCIENCES INC.**Statement of Changes in Equity  
(Expressed in Canadian Dollars)**Period from Incorporation on March 21, 2018 to August 31, 2018 (Restated – Note 15)**

	Notes	Number of Shares	Share Capital	Shares to be Issued	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
<b>Balance, March 21, 2018</b>		-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued at \$0.05	9	30,899,994	1,545,000	-	-	-	-	1,545,000
Shares issued at \$0.20	9	15,659,800	3,131,960	10,000	-	-	-	3,131,960
Shares issued at \$0.35	9	9,696,804	3,393,881	7,518	-	-	-	3,411,399
Reallocation of warrants to derivative liability	9	-	(299,796)	-	-	-	-	(299,796)
Share issuance costs	9	-	(449,019)	-	257,999	-	-	(191,020)
Share-based payments		-	-	-	545,411	-	-	545,411
Comprehensive loss		-	-	-	-	419	(4,625,259)	(4,624,840)
<b>Balance, August 31, 2018</b>		<b>56,256,598</b>	<b>\$ 7,322,026</b>	<b>\$ 17,518</b>	<b>\$ 803,410</b>	<b>\$ 419</b>	<b>\$ (4,625,259)</b>	<b>\$ 3,518,114</b>

## **1. Nature of Operations and Going Concern**

GREEN STAR BIOSCIENCES INC. (the “Company”) was incorporated under the Business Corporations Act of Alberta on March 21, 2018.

The Company owns acquired brands, owns intellectual property and leases office and production premises to a cannabis processor and retailer. The Company plans to list on the Canadian Securities Exchange.

The head office, principal address and registered office of the Company are located at 1250, 639 – 5<sup>th</sup> Ave S.W. Calgary, AB T2P 0M9.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company incurred a net loss of \$4,625,259 and generated negative cash flows of \$836,148 from operations during the period ended August 31, 2018. These factors form a material uncertainty that may raise significant doubt regarding the Company’s ability to continue as a going concern. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon the Company’s ability to raise sufficient financing to acquire or develop a profitable business. The Company intends on financing its future development activities and operations from the sale of equity securities.

The Company indirectly derives its revenues from the cannabis industry in the State of Washington, USA, and the cannabis industry is illegal under US federal law. The Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the US, nor is the Company directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in Canada or the US.

Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the Washington State level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the United States and as such, cannabis-related practices or activities, including without limitation, the 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 provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

## **2. Basis of Presentation**

### **Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were authorized for issue by the board of directors of the Company on February 15, 2019.

### **Basis of Measurement**

The functional currency of the Company is the US dollar. Transaction amounts denominated in foreign currencies are translated into their US dollar equivalents at exchange rates prevailing at the transaction dates. Foreign currency gains and losses on transactions or settlements are recognized in the statement of loss and comprehensive loss.

These financial statements have been presented in Canadian dollars, unless otherwise stated, which is the Company’s reporting currency. The financial statements are translated into Canadian dollars with assets and liabilities translated at the current rate on the financial statements date and revenue and expense items translated at the average rates for the period. Translation adjustments are recorded as accumulated other comprehensive income (loss) in shareholders’ equity.

### **Use of Estimates and Judgments**

The preparation of the financial statements in compliance with IFRS requires management to make certain accounting estimates. It also requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### **3. Significant Accounting Policies**

#### **Foreign currency transactions**

Foreign currency accounts are translated into the Company's functional currency, the US dollar, as follows:

At the transaction date, each asset, liability, revenue, and expense denominated in a foreign currency is translated into the US dollars using the exchange rate in effect at that date. At the period end date, unsettled monetary assets and liabilities are translated into the US dollars by using the exchange rate in effect at the period end date and the related translation differences are recognized in net income.

Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net loss for the period. Exchange gains and losses on non-monetary available-for-sale assets form part of the overall gain or loss recognized in respect of that financial instrument and are included in profit and loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the US dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the US dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

#### **Cash and cash equivalents**

Cash is comprised of cash on hand, cash held in trust accounts and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months when acquired. The Company did not have any cash equivalents as of August 31, 2018.

#### **Trade receivables**

Trade receivables are recognized initially at fair value less allowances made for doubtful receivables based on a review of year-end trade receivables, and do not carry any interest. An allowance for doubtful receivables is generally made when there is objective evidence that the Company will not be able to collect the amounts due according to original payment terms or when there are indications of collection issues related to specific customers.

**Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, and collection is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable, taking in to account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized.

*License Royalties*

The Company accounts for sales-based royalties, charged on a per unit basis, in exchange for the license to use its intellectual property. Licensing revenue is recognized when the sale of licensed products occurs and in accordance with the terms of its licensing agreements (Note 7).

*Leases*

The Company accounts for the leases of premises with its tenants as operating leases in accordance with the substance of the lease agreements. Lease revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. Revenue from leases is recognized based upon the periodic rent amounts due under the terms of the sublease agreement (Note 6).



## **Property, plant, and equipment**

### *Recognition and measurement*

On initial recognition, property, plant, and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company. Such costs include appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, except for land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

### *Major maintenance and repairs*

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

### *Gains and losses*

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized on a net basis in profit or loss.

### *Depreciation and Amortization*

Depreciation and amortization are recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

	<u>Years</u>
Lease agreement	over lease period
Equipment and fixtures	5-7

Depreciation methods, useful lives and residual values are reviewed at each financial period end and adjusted if appropriate.

### **Intangible assets**

Intangible assets consist of product branding of licensed products for cannabis and cannabis-related products and these are recorded at cost less accumulated amortization and accumulated impairment losses. Intangible assets have a finite life and are amortized using the straight-line method over their estimated useful lives. The useful lives of the intangible assets are reviewed at least annually. Amortization is recognized on a straight-line basis over the contract term or life of the patent, as applicable.

### **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a re-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued, where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

## **Financial instruments**

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### *Financial assets*

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL. Trade receivables are measured at amortized cost.

### *Impairment of financial assets*

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables.

### *Impairment*

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payable and warrant liability are classified under other financial liabilities and carried on the statement of financial position fair value through profit or loss . At August 31, 2018, the Company classified derivative liability from share purchase warrants with an exercise price in CDN dollars (see Note 9) as financial liabilities at fair value through profit or loss. As these warrants are exercised, the fair value of the recorded derivative liability on date of exercise is included in share capital along with the proceeds from the exercise. If these warrants expire unexercised, the related decrease in derivative liability is recognized in net income.

### **Income taxes**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

## **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and equity warrants are recognized as a deduction from equity, net of any tax effects. Transaction costs directly attributable to derivative warrants are charged to operations as a finance cost.

## **Share-based payments**

The Company grants stock options to buy common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Share-based payments are initially recorded to reserves. Subsequently, consideration paid for the shares on the exercise of share-based payments are credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

## **Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding and reduced by any shares held in escrow during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding, all additional common shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow.

## **New accounting standards issued but not yet effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company expects that it will recognize additional assets and liabilities as a result of the current leasing arrangements. The full extent of the impact of adoption of this standard has not been determined.

*IFRS 16 Leases* - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a

lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

#### **4. Critical Accounting Estimates and Judgements**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company's ability to continue as a going concern.

##### **a) Share based payments**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

##### **b) Income taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**c) Useful lives of property, plant and equipment and intangibles**

Property, plant, and equipment and intangible assets are amortized or depreciated over their useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

**d) Impairment**

Long-lived assets, including property, plant and equipment are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

**e) Going concern**

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

**f) Functional currency**

The functional currency is the currency of the primary economic environment in which an entity operates and has been determined by the Company to be the United States dollar. The Company's revenue is based on operations domiciled in the United States and the Company intends to seek further acquisitions in the United States where the operating currency will continue to be predominantly conducted in United States dollars.

### **g) Trade receivables**

The Company accounts for impairment of trade receivables by recording allowances for doubtful accounts on an individual basis, as its sole customer is Cowlitz. The assessment of whether a receivable is collectible involves the use of judgment and requires the use of assumptions about customer defaults that could change significantly. Judgment is required when we evaluate available information about a particular customer's financial situation to determine whether it is probable that a credit loss will occur, and the amount of such loss is reasonably estimable and thus an allowance for that specific account is necessary. Changes in our estimates about the allowance for doubtful accounts could materially impact reported assets and expenses, and our profit could be adversely affected if actual credit losses exceed our estimates.

### **5. Trade Receivables**

	As at August 31,	
	2018	
Trade receivables	\$	71,759
Allowance for doubtful accounts		-
Net trade receivables	\$	71,759

As at August 31, 2018, one customer, Cowlitz, accounted for 100% of total trade receivables.

### **6. Leases**

On May 17, 2018, the Company entered into a Lease Purchase Agreement with the landlord of the premises of Cowlitz County Cannabis Cultivation Inc. ("Cowlitz") under which the Company paid US\$500,000 (\$639,420) to purchase the rights to the lease and paid an additional US\$60,000 (\$77,714) as a lease deposit. The purchase price of the lease rights is being amortized over the term of the lease which expires on June 30, 2022. As at August 31, 2018, the Company recorded amortization of the rights to the lease of \$46,115 and the carrying value of the lease is \$601,605.

During the period ending August 31, 2018, the Company recorded gross rental income of \$107,979 in lease revenue under the terms of the Sublease Agreement with Cowlitz.

During the period ending August 31, 2018, the Company incurred lease expense of \$62,988 under the terms of the Lease Agreement, pursuant to the Lease Purchase Agreement.

### **7. Intangible Asset**

On May 17, 2018, the Company entered into an Intellectual Property Purchase Agreement with Cowlitz whereby the Company purchased an intangible asset from Cowlitz for consideration of US\$3,000,000 (\$3,885,708). The value of the acquired intangible asset is in product branding of cannabis and cannabis-related products and has an estimated useful saleable life of twenty years at acquisition. The Company recorded \$56,468 in amortization of the intangible asset during the period



ended August 31, 2018. As at August 31, 2018, the carrying value of the intangible asset is \$3,829,366.

The intangible asset is subject to an impairment test if there is an indicator of impairment. The carrying value and ultimate realization of the asset is dependent upon management's estimates of future earnings and benefits that the Company expects to generate from its use. If management's expectations of future results and cash flows are significantly diminished, intangible assets may be impaired and the resulting charge to operations may be material. Based on management's assessment, there have been no impairment indicators as of August 31, 2018, and accordingly the Company has not recorded any impairment losses related to the intangible asset during the period ended August 31, 2018.

After purchasing the intangible asset, the Company entered into a License Agreement with Cowlitz which granted Cowlitz a perpetual, irrevocable, non-exclusive, non-assignable, non-sublicensable right and license to use, manufacture, have manufactured and sell Licensed Products in Washington State and to use the IP in connection with the Licensed Products. Pursuant to the terms of the License Agreement, Cowlitz will pay monthly license fees based on actual sales on a per-unit basis.

During the period ending August 31, 2018, the Company recognized \$128,451 in licensing royalties earned pursuant to the License Agreement.

## 8. Related Party Transactions

### *a) Key management compensation*

Key management consists of the officers and directors who are responsible for planning, directing, and controlling the activities of the Company.

During the period from incorporation on March 21, 2018 to August 31, 2018, the Company incurred charges with an officer and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

	For the period from Incorporation March 21 to August 31, 2018	
Management fees	\$	155,774
Share based payments		341,696
	\$	497,470

During the period from incorporation on March 21, 2018 to August 31, 2018, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

Share-based payments are the fair value of options granted to key management personnel as at the grant date.

*b) Other transactions*

During the period from incorporation March 21, 2018 to August 31, 2018, the Company incurred \$122,768 in legal costs to a law firm in which a Director is a partner. The legal costs are included in general and administrative expenses in the statement of comprehensive loss.

During the the period from incorporation March 21, 2018 to August 31, 2018, the Company incurred US\$15,407 (\$20,000) in interest on the loan provided by a company owned by an officer of the Company. The loan was issued during the period from incorporation on March 21, 2018 to August 31, 2018 and was fully re-paid by August 31, 2018.

On April 10 2018, the Company entered into an agreement with Northwest Cultivation Corp. (“Northwest”), a company controlled by directors and officers of the Company, to reimburse costs incurred in connection with transactions involving Cowlitz. Under the terms of the agreement, Northwest received US\$103,462 (\$134,306) in expense reimbursements and US\$150,000 (\$193,429) in repayment of deposits incurred in connection with transactions involving Cowlitz. The Company expensed the \$134,306 of costs of Northwest as a reimbursement and applied the deposits towards the purchase of the Cowlitz intangible asset.

*c) Related party balances*

As at August 31, 2018, included in accounts payable and accrued liabilities is \$5,000 in amounts payable to a company owned by an officer of the Company for unpaid management fees. The amount is unsecured, non-interest bearing and due on demand.

## **9. Share Capital**

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

**a) Issued**

*During the period ended August 31, 2018;*

On May 10, 2018, the Company issued 30,899,994 units in a non-brokered private placement at \$0.05 per unit for gross proceeds of \$1,545,000. Each unit consists of one common share in the Company and one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.10 per warrant for a period of 24 months from the closing date.

On May 18, 2018, the Company issued 15,659,800 restricted common shares in a non-brokered private placement at \$0.20 per share for gross proceeds of \$3,131,960.

On May 23, 2018, the Company issued 285,714 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$100,000. Each unit consists of one common share in the Company and

one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

On June 29, 2018, the Company issued 5,403,500 units in a brokered private placement at \$0.35 per unit for gross proceeds of \$1,891,225. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

On July 23, 2018, the Company issued 2,817,590 units in a non-brokered and 150,000 units in a brokered private placement at \$0.35 per unit for gross proceeds of \$1,038,657. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

On July 31, 2018, the Company issued 955,000 units in a brokered private placement at \$0.35 per unit for gross proceeds of \$334,250. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

On August 2, 2018, the Company issued 85,000 units in a brokered private placement at \$0.35 per unit for gross proceeds of \$29,750. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

#### *Shares to be Issued*

During the period ended August 31, 2018, the Company received an aggregate amount of \$17,518 in share subscriptions which are included in shares to be issued.

#### **b) Share Issue Costs**

On May 18, 2018, the Company issued 700,000 broker warrants in connection with a private placement. Each warrant is exercisable into one common share of the Company at \$0.20 per share for a period of two years. Fair value was estimated at \$100,420 or \$0.14 per warrant at the grant date using the Black-Scholes option pricing model with the following assumptions: no expected dividends to be paid; volatility of 150% based on historical volatility; risk-free interest rate of 2.03%; and expected life of 2 years.

On June 29, 2018, the Company entered into an agency agreement (the "Agreement") with Mackie Research Capital Corporation ("Mackie") where Mackie acted as the agent to offer the Company's common shares at a price of \$0.35 per unit (the "Offering") to raise gross proceeds of \$1,891,225. Under the terms of the Agreement, the Company paid a cash commission of \$132,386 (7% of the gross proceeds from the Offering), \$42,000 in corporate finance fees and \$34,689 in legal fees and other expenses to Mackie. In addition, the Company granted 378,245 compensation options (7% of the number of units sold under the Offering). Each compensation option is exercisable to acquire one unit of the Company. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the date the Company is listed as a reporting issuer

on a recognized exchange (“Liquidity Event”). The Compensation Options were fair valued on the grant date at \$94,866 and recorded to share issuance costs.

The terms of the Agreement also provided that if the Company has not completed an event that results in a Liquidity Event by the later of 120 days from closing or November 30, 2018 (the “Liquidity Expiry Period”), each unit holder shall be entitled to additional units equal to 0.10 of the number of units the unit holder purchased pursuant to the Offering (“Penalty Units”), and for each additional sixty (60) day period after the Liquidity Expiry Period an additional number of Penalty Units equal to 0.05 of the number of units the unit holder purchased pursuant to the Offering. Each Penalty Unit issued due to the operation of the Liquidity Expiry Period is to have the same terms as a unit issued in the Offering.

On July 23, 2018, the Company paid a cash commission of \$2,550 to a broker in a brokered private placement for gross proceeds of \$32,450.

On July 24, 2018, the Company issued 7,000 broker warrants in connection with a private placement. Each warrant is exercisable into one common share of the Company at \$0.35 per share for a period of two years. Fair value was estimated at \$1,757 or \$0.25 per warrant at the grant date using the Black-Scholes option pricing model with the following assumptions: no expected dividends to be paid; volatility of 150% based on historical volatility; risk-free interest rate of 1.99%; and expected life of 2 years.

On July 27, 2018, the Company entered into an agency agreement (the “Agreement”) with Mackie where Mackie acted as the agent to offer the Company’s common shares at a price of \$0.35 per unit (the “Offering”) to raise gross proceeds of \$334,250. Under the terms of the Agreement, the Company paid a cash commission of \$23,398 (7% of the gross proceeds from the Offering), and \$(2,467) in legal fees and other expenses to Mackie. In addition, the Company granted 66,850 compensation options (7% of the number of units sold under the Offering). Each compensation option is exercisable to acquire one unit of the Company. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the date of a Liquidity Event. The Compensation Options were fair valued on the grant date at \$16,775 and recorded to share issuance costs.

On August 2, 2018, the Company paid a cash commission of \$2,183 to a broker in a brokered private placement for gross proceeds of \$85,000.

On August 2, 2018, the Company issued 175,950 broker warrants in connection with a private placement. Each warrant is exercisable into one common share of the Company at \$0.35 per share for a period of two years. Fair value was estimated at \$44,180 or \$0.25 per warrant at the grant date using the Black-Scholes option pricing model with the following assumptions: no expected dividends to be paid; volatility of 150% based on historical volatility; risk-free interest rate of 2.07%; and expected life of 2 years.

**c) Share Purchase Warrants**

The following is a summary of changes in share purchase warrants for the period from March 21, 2018 to August 31, 2018:

	<u>Weighted Average Number</u>	<u>Weighted Average Exercise Price</u>
Balance, March 21, 2018	-	\$0.00
Issued	36,631,346	\$0.19
<b>Balance, August 31, 2018</b>	<b>36,631,346</b>	<b>\$0.19</b>

At August 31, 2018, the Company had 36,631,346 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Vested</u>
30,899,994	\$0.10	May 10, 2020	30,899,994
700,000	\$0.20	May 18, 2020	700,000
142,857	\$0.75	May 23, 2020	142,857
2,701,750	\$0.75	June 29, 2020	2,701,750
7,000	\$0.35	July 24, 2020	7,000
1,483,795	\$0.75	July 23, 2020	1,483,795
477,500	\$0.75	July 31, 2020	477,500
42,500	\$0.75	August 2, 2020	42,500
<u>175,950</u>	\$0.35	August 2, 2020	<u>175,950</u>
<u>36,631,346</u>			<u>36,631,346</u>

As at August 31, 2018, the weighted average life of warrants outstanding was 1.72 years.

### *Derivative liability*

The Company's derivative liability arises as a result of the issuance of warrants exercisable in Canadian dollars. As the denomination is different from the US dollar functional currency, the Company recognizes a derivative liability for these warrants and remeasures the liability at the end of each reporting period using the Black-Scholes option pricing model.

A reconciliation of the changes in the derivative liability during the year is as follows:

	<u>As at August 31,</u> <u>2018</u>
Balance at beginning of the year	\$ -
Recognition upon issuance	299,796
Change in fair value	3,144,969
Foreign exchange	(11,121)
<u>Balance at the end of the year</u>	<u>\$ 3,433,644</u>

The following weighted average assumptions were used to estimate the fair value of the derivative warrant liability:

	<u>Period ended</u> <u>August 31, 2018</u>
Weighted average expected dividend yield	0.0%
Weighted average expected volatility	150.0%
Weighted average risk-free interest rate	2.07%
Weighted average expected term	1.83 years

#### **d) Performance Warrants**

On May 18, 2018, the Company issued 4,655,992 non-transferable performance warrants ("Performance Warrant"). Each Performance Warrant is exercisable into one common share of the Company at an exercise price of \$0.35 at any time for a period of 36 months following the vesting date. The Performance Warrants vest on the date that is five (5) years from the date of issuance, May 18, 2023.

The following is a summary of the changes in performance warrants for the period from March 21, 2018 to August 31, 2018:

	<u>Weighted</u> <u>Average</u> <u>Number</u>	<u>Weighted</u> <u>Average</u> <u>Exercise Price</u>
Balance, March 21, 2018	-	\$ -
Issued	4,655,992	\$0.35
<u>Balance, August 31, 2018</u>	<u>4,655,992</u>	<u>\$0.35</u>

At August 31, 2018, the Company had 4,655,992 performance warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Vested</u>
<u>4,655,992</u>	\$0.35	May 18, 2026	-

As at August 31, 2018, the weighted average life of performance warrants outstanding was 7.71 years.

Total expenses arising from performance warrant transactions recognized during the period ended August 31, 2018 were \$51,406.

#### e) Options

During the period ended August 31, 2018, the Company approved the issuance of a Stock Option Plan (the “Plan”), whereby the aggregate number of options granted and outstanding under the Plan shall not exceed 30% of the issued shares of the Company at the date of approval of the Plan. Under the Plan, the exercise price of each option will be determined by the Board of Directors and may not be less than the exercise price permitted by the Exchange. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors. The Plan shall become effective upon the approval of the Exchange.

The following is a summary of changes in share purchase options for the period from Incorporation March 21, 2018 to August 31, 2018:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable, March 21, 2018	-	\$0.00
Granted	4,445,095	\$0.20
Outstanding, August 31, 2018	4,445,095	\$0.20
Exercisable, August 31, 2018	2,000,000	\$0.20

At August 31, 2018, the following stock options were outstanding, entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Vested</u>
<u>4,000,000</u>	\$0.20	May 30, 2028	<u>2,000,000</u>
<u>4,000,000</u>			<u>2,000,000</u>

At August 31, 2018, the following stock options were outstanding, entitling the holders thereof the right to purchase one common share and one half of one share purchase warrant exercisable at \$0.75 per warrant for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Vested</u>
378,245	\$0.35	24 months from the date of a Liquidity Event	-
<u>66,850</u>	\$0.35	24 months from the date of a Liquidity Event	-
<u>445 095</u>			

As at August 31, 2018, the weighted average life of options outstanding was 8.96 years.

During the period ended August 31, 2018, the Company granted a total of 4,000,000 stock options with an exercise price of \$0.20 per share and an expiry dates of May 30, 2028 and 445,095 stock options with an exercise price of \$0.35 per option with an expiry date of January 31, 2021. The weighted average fair value of the options issued during the period ended August 31, 2018 was estimated at \$0.18 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	<u>Period ended August 31, 2018</u>
Weighted average expected dividend yield	0.0%
Weighted average expected volatility*	150.0%
Weighted average risk-free interest rate	2.14%
Weighted average expected term	4.34 years

\* Expected volatility is management's estimate based on anticipated volatility of the Company's publicly traded shares.

Total expenses arising from stock option transactions recognized during the period ended August 31, 2018 were \$455,595 in share base compensation and \$84,711 in share issue costs.

#### **f) Escrow shares**

Pursuant to the terms of the non-brokered private placement on May 18, 2018 for 15,659,800 common shares, any certificates representing 90% of the common shares subscribed for by a subscriber will bear a legend such that 30% of the common shares received by the subscriber will not be able to be traded before the date that is three, six and nine months, respectively, following the date of listing of the common shares on a recognized Canadian stock exchange.

As at August 31, 2018, 14,093,820 common shares are held in escrow.



## g) Reserves

	For the period from Incorporation March 21, 2018 to August 31, 2018	
Balance, beginning of year	\$	-
Share issuance and finance costs		257,999
Share-based payments		545,411
Balance, end of year	\$	803,410

## 10. Capital Risk Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity which is comprised of issued share capital, reserves, accumulated other comprehensive loss and deficit. In the management of capital, the Company includes the components of equity, cash, trade receivables, trade and other liabilities, which are summarized below:

	For the period from Incorporation March 21, 2018 to August 31, 2018	
Trade and other payables	\$	115,355
Less: cash		(2,486,669)
Less: trade receivables		(71,759)
Net capital	\$	(2,443,073)
Shareholder's equity		4,989,689
Equity and net capital	\$	2,546,616

The Company manages its capital structure and makes adjustments to it in light of economic conditions.

The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements as at August 31, 2018.

## 11. Financial Instruments and Risk Management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

### Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The operating results and financial position of the Company are

reported in Canadian dollars and its functional currency is US dollars because the Company earns all revenues in the United States.

The Company has high exposure to Canadian dollars because the Company's office is in Canada. The transactions in Canadian dollars are subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. If the US dollar had weakened 5% against the Canadian dollar, with all other variables held constant, comprehensive loss would have been \$90,437 lower. Conversely, if the US dollar had strengthened 5% against the Canadian dollar, with all other variables held constant, comprehensive loss would have been \$90,437 higher. The Company considers this risk to be significant.

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at August 31, 2018, the Company only has one customer and is exposed to \$71,759 in credit risk with this customer.

### **Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2018, the Company had a cash balance of \$2,486,669.

The table below summarizes the maturity profile of the Company's financial liabilities at August 31, 2018:

As at August 31, 2018	On demand	Less than 1 year	1 -2 years	Later than 2 years	Total
Trade payables	107,634	-	-	-	107,634
Accrued liabilities	-	7,200	-	-	7,200
Total liabilities	107,634	7,200	-	-	115,355

### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. None of the Company's financial instruments bear interest. Therefore, as at August 31, 2018, management believes that the Company is not exposed to any significant interest rate risk.

## Basis of Fair Value

The Company's financial instruments consist of cash, trade receivables, trade and other liabilities, and derivative liability. The fair value of the Company's trade receivables, trade and other liabilities, and derivative liability approximate the carrying value, which is the amount on the statements of financial position due to their short-term maturities or ability of prompt liquidation. The Company's cash is measured at fair value under the fair market hierarchy, based on level one quoted prices in active markets for identical assets.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at August 31, 2018:

	Level 1	Level 2	Level 3
Cash	\$ 2,486,669	\$ -	\$ -
Derivative liability	-	3,433,644	-
Total	\$ 2,486,669	\$ 3,433,644	\$ -

## 12. Income Taxes

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	<b>Period ended August 31, 2018</b>
Canadian statutory income tax rate	27%
	\$
Expected income tax recovery at statutory rate	(1,249,000)
Permanent differences and other	945,000
Change in deferred tax assets not recognized	304,000
Deferred income tax recovery	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	<b>August 31, 2018</b>
	\$
Non-capital loss carry forwards	225,000
Acquired branding and leases	28,000
Share issuance costs	51,000
Deferred income tax assets not recognized	(304,000)
	-

The Company has non-capital losses carried forward of approximately \$836,000 available to reduce income taxes in future years which expire in 2038.

### **13. Commitments**

#### **a) Lease Obligations**

Pursuant to the Lease Purchase Agreement dated May 17, 2018, as discussed in Note 6, the Company is committed to lease payments in US Dollars as follows:

Fiscal year ending August 31,		
2019	\$	148,705
2020		153,234
2021		157,830
2022		99,660
	\$	559,429

#### b) Lease Income

Pursuant to the Lease Purchase Agreement dated May 17, 2018, as discussed in Note 6, the Company is entitled to lease payments in US Dollars as follows:

Fiscal year ending August 31,		
2019	\$	297,410
2020		306,468
2021		315,660
2022		187,320
	\$	1,106,858

#### 14. Supplemental Disclosure with Respect to Cash Flows

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

	For the period from incorporation on March 21, 2018 to August 31, 2018	
Share issuance costs	\$	214,354
Finance costs	\$	43,645
Share based compensation	\$	545,411

#### 15. Restatement

The figures for the period from incorporation on March 21, 2018 to August 31, 2018 have been restated to correct an error in the valuation of share purchase warrants that were issued in the unit placements (see Note 9a). The initial amount recorded on issuance has been corrected from \$1,963,978 to \$299,796 reflecting a reallocation of \$1,664,182 from warrants to share capital based upon the issued value of warrants which is recorded as a derivative liability (see Note 9c). This warrant based derivative liability has been revalued as at August 31, 2018 using the estimated share price, remaining term of the warrants, volatility and foreign-exchange rate at August 31, 2018 resulting in correction from \$1,962,069 to \$3,433,644. The total correction in the derivative liability results in the net loss for the period ended August 31, 2018 increasing by \$3,144,969, and in an other comprehensive income foreign exchange adjustment of \$9,212, for a net increase in comprehensive loss of \$3,135,757.

The restated amounts are shown in the following financial statement figures and totals:

**Statement of financial position:**

	As previously reported	Adjustment	As Restated
As at August 31, 2018	\$	\$	\$
<hr/>			
Derivative liability	1,962,069	1,471,575	3,433,644
Total liabilities	2,077,424	1,471,575	3,548,999
Share capital	5,657,844	1,664,182	7,322,026
Accumulated other comprehensive income	(8,793)	9,212	419
Deficit	(1,480,290)	(3,144,969)	(4,625,259)
Total equity	4,989,689	(1,471,575)	3,518,114
Total equity and liabilities	7,067,113	-	7,067,113

**Financial statement of loss and comprehensive loss:**

	As previously reported	Adjustment	As Restated
For the period from Incorporation on March 21, 2018 to August 31, 2018	\$	\$	\$
<hr/>			
Other items			
Change in fair value of derivative liability	-	(3,144,969)	(3,144,969)
Net loss	(1,480,290)	(3,144,969)	(4,625,259)

Other comprehensive income			
Foreign currency translation adjustments	(8,793)	9,212	419
Comprehensive loss	(1,489,083)	(3,135,757)	(4,624,840)
Loss per share, basic and diluted	(0.06)	(0.12)	(0.18)

**Financial statement of changes in equity:**

	As previously reported	Adjustment	As Restated
For the period from Incorporation on March 21, 2018 to August 31, 2018	\$	\$	\$
Share capital	5,657,844	1,664,182	7,322,026
Accumulated other comprehensive income	(8,793)	9,212	419
Deficit	(1,480,290)	(3,144,969)	(4,625,259)

**Financial statement of cash flows:**

	As previously reported	Adjustment	As Restated
For the period from Incorporation on March 21, 2018 to August 31, 2018	\$	\$	\$
Operating activities			
Net loss for the period	(1,480,290)	(3,144,969)	(4,625,259)
Change in fair value of derivative liability	-	3,144,969	3,144,969

## 16. Subsequent Events

a) In October 2018, the Company amended its Intellectual Property Purchase Agreement with Cowlitz (Note 7) to reflect the purchase of additional intangibles assets for a total consideration of US\$200,000 (paid).

b) On November 1, 2018, the Company issued 2,500,000 units in a non-brokered private placement at \$0.05 per unit for gross proceeds of \$125,000. These units were issued as a result of an overlooked subscription from the May 10, 2018 unit offering. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.10 per warrant until May 10, 2020.

c) On November 30, 2018, pursuant to the terms of the Agency Agreement, the Company issued 635,850 Penalty Units. Each unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant until November 30, 2020.

d) On December 19, 2018, the Company issued 50,000 common shares in a non-brokered private placement at \$0.20 per share for gross proceeds of \$10,000. These shares were issued as a result of an overlooked subscription from the May 18, 2018 share offering.

e) On January 4, 2019, the Company issued 977,413 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$342,095. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.



**GREEN STAR BIOSCIENCES INC.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED FEBRUARY 28, 2019**  
*(Unaudited – Prepared by Management)*

**GREEN STAR BIOSCIENCES INC.**

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	Notes	February 28, 2019 (Unaudited)	August 31, 2018 (Audited)
<b>ASSETS</b>			
Current assets			
Cash	12	\$ 1,321,871	2,486,669
Trade and other receivables	5	133,643	71,759
Prepays and deposit	6	113,142	-
Promissory note receivable	7	665,072	-
Total current assets		2,233,728	2,558,428
Deposit on lease	8	78,969	77,714
Lease, net of amortization	8	532,226	601,605
Intangible asset	9	4,051,642	3,829,366
<b>Total assets</b>		<b>\$ 6,896,565</b>	<b>7,067,113</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Current liabilities			
Trade payables and accrued liabilities		\$ 28,998	115,355
Total current liabilities		28,998	115,355
Derivative liability	11c	3,336,039	3,433,644
<b>Total liabilities</b>		<b>3,365,037</b>	<b>3,548,999</b>
<b>Equity</b>			
Share capital	11	7,835,772	7,322,026
Shares to be issued	11	8,393	17,518
Reserves		1,108,227	803,410
Accumulated other comprehensive income		76,575	419
Deficit		(5,497,439)	(4,625,259)
<b>Total equity</b>		<b>3,531,528</b>	<b>3,518,114</b>
<b>Total equity and liabilities</b>		<b>\$ 6,896,565</b>	<b>7,067,113</b>

Nature of Operations (Note 1)

Subsequent Events (Note 13)

**Approved on behalf of the Board:**"Scott Reeves" Director"Ralph Olson" Director

**GREEN STAR BIOSCIENCES INC.**

## Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

For the three and six months ended February 28, 2019

(Expressed in Canadian Dollars)

	Notes	Six months ended February 28, 2019 (Unaudited)	Three months ended February 28, 2019 (Unaudited)
<b>Revenue</b>			
License royalties	9	\$ 191,048	\$ 94,901
Lease	8	226,865	118,057
		417,913	212,958
<b>Operating expenses</b>			
General and administrative	10	473,799	204,827
Advertising and marketing		154,918	15,943
Management fees	10	122,729	66,456
Lease expense	8	113,431	59,027
Amortization of intangible asset	9	106,477	55,946
Amortization of lease	8	81,946	42,426
Share-based payments		669,948	306,203
		1,723,248	750,828
<b>Loss before other items</b>		(1,305,335)	(537,870)
<b>Other items</b>			
Other income		4,405	-
Foreign exchange loss		(48,583)	12,831
Change in fair value of derivative liability	11c	477,333	206,131
<b>Net loss</b>		(872,180)	(318,908)
<b>Other comprehensive income</b>			
Item that will be reclassified subsequently to loss:			
Foreign currency translation adjustments		76,156	(4,875)
<b>Comprehensive loss</b>		\$ (796,024)	\$ (323,783)
Weighted average number of common shares outstanding			
		44,545,806	46,088,434
Basic and diluted net loss per share		\$ (0.02)	\$ (0.01)

**GREEN STAR BIOSCIENCES INC.**

Condensed Interim Consolidated Statement of Cash Flows

For the six months ended February 28, 2019

(Expressed in Canadian Dollars)

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		<b>February 28, 2019</b>
		<b>(Unaudited)</b>
<hr/>		
<b>Operating activities</b>		
Net loss	\$	(872,180)
Adjustments for non-cash items		
Amortization of lease		81,946
Amortization of intangible asset		106,477
Share-based payments		669,948
Change in fair value of derivative liability		(477,333)
Unrealized foreign exchange		50,134
Interest income		(3,587)
Changes in non-cash working capital items:		
Trade receivables		(58,242)
Prepays and deposits		(114,397)
Trade payables and accrued liabilities		(86,358)
<b>Net cash used in operating activities</b>		<b>(703,592)</b>
<hr/>		
<b>Investing activities</b>		
Purchase of intangibles		(263,229)
<b>Net cash used in investing activities</b>		<b>(263,229)</b>
<hr/>		
<b>Financing activities</b>		
Proceeds from issuance of share capital		467,095
Promissory note receivable		(665,072)
<b>Net cash used in financing activities</b>		<b>(197,977)</b>
<hr/>		
<b>Net decrease in cash</b>		<b>(1,164,798)</b>
<b>Cash, beginning of period</b>		<b>2,486,669</b>
<b>Cash, end of period</b>	\$	<b>1,321,871</b>

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**GREEN STAR BIOSCIENCES INC.**

Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended February 28, 2019

(Expressed in Canadian Dollars - Unaudited)

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						Accumulated Other Comprehensive Income	Deficit	Total
	Notes	Number of Shares	Share Capital	Shares to be Issued	Reserves			
<b>Balance, August 31, 2018</b>		56,256,598	\$ 7,322,026	\$ 17,518	\$ 803,410	\$ 419	\$ (4,625,259)	\$ 3,518,114
Shares issued	11	3,607,413	488,295	(10,000)	-	-	-	478,295
Penalty shares issued	11	953,775	332,947	875	-	-	-	333,822
Reallocation of warrants to derivative liability	11	-	(307,496)	-	-	-	-	(307,496)
Share-based payments		-	-	-	304,817	-	-	304,817
Comprehensive loss		-	-	-	-	76,156	(872,180)	(796,024)
<b>Balance, February 29, 2019</b>		<b>60,817,786</b>	<b>\$ 7,835,772</b>	<b>\$ 8,393</b>	<b>\$ 1,108,227</b>	<b>\$ 76,575</b>	<b>\$ (5,497,439)</b>	<b>\$ 3,531,528</b>

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## **1. Nature of Operations and Going Concern**

Green Star Biosciences Inc. (the “Company”) was incorporated under the Business Corporations Act of Alberta on March 21, 2018.

The Company owns acquired brands, owns intellectual property and leases office and production premises to a cannabis processor and retailer. The Company is making application to list on the Canadian Securities Exchange.

The head office, principal address and registered office of the Company are located at 1250, 639 – 5<sup>th</sup> Ave S.W. Calgary, AB T2P 0M9.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company incurred a net loss of \$872,180 and generated negative cash flows of \$703,592 from operations during the period ended February 28, 2019. These factors form a material uncertainty that may raise significant doubt regarding the Company’s ability to continue as a going concern. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon the Company’s ability to raise sufficient financing to acquire or develop a profitable business. The Company intends on financing its future development activities and operations from the sale of equity securities.

The Company indirectly derives its revenues from the cannabis industry in the State of Washington, USA and the cannabis industry is illegal under US federal law. The Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the US, nor is the Company directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in Canada or the US.

Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the Washington State level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the United States and as such, cannabis-related practices or activities, including without limitation, the 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 provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

## **2. Basis of Presentation**

### **Statement of Compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim consolidated financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim consolidated financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the period from incorporation on March 21, 2018 to August 31, 2018. There are no figures presented for the 6 month comparative period February 28, 2019 as the Company was not incorporated.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim consolidated financial statements were authorized for issue by the board of directors of the Company on May 15, 2019.

### **Basis of Measurement**

The functional currency of the Company is the U.S. dollar. Transaction amounts denominated in foreign currencies are translated into their U.S. dollar equivalents at exchange rates prevailing at the transaction dates. Foreign currency gains and losses on transactions or settlements are recognized in the statement of loss and comprehensive loss.

These condensed interim consolidated financial statements have been presented in Canadian dollars, unless otherwise stated, which is the Company’s reporting currency. The condensed interim consolidated financial statements are translated into Canadian dollars with assets and liabilities translated at the current rate on the condensed interim consolidated financial statements date and revenue and expense items translated at the average rates for the period. Translation adjustments are recorded as accumulated other comprehensive income (loss) in shareholders’ equity.

## **2. Basis of Presentation (continued)**

### **Basis of Consolidation**

These condensed interim consolidated financial statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company has one wholly owned subsidiary, Green Star Washington LLC, located in Washington State, USA. The financial statements of the Company's subsidiary are included in the condensed interim consolidated financial statements beginning upon incorporation on October 31, 2018. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

### **Use of Estimates and Judgments**

The preparation of the condensed interim consolidated financial statements in compliance with IFRS requires management to make certain accounting estimates. It also requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are notes to the August 31, 2018 annual financial statements and any changes that are significant to the condensed interim consolidated financial statements are disclosed in Note 4.

## **3. Significant Accounting Policies**

The accounting policies followed by the Company are set out in Note 3 to the annual financial statements for August 31, 2018 and have been consistently followed in the preparation of these consolidated condensed interim financial statements, except for the following:

### **New accounting standards adopted**

On September 1, 2018, the Company adopted a new accounting standard IFRS 15 – *Revenue from Contracts with Customers*, effective for annual periods beginning on or after February 1, 2018 using the retrospective method of adoption. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customer. The Company generates revenue through licensing and lease agreements with a sole customer. The Company has reviewed its sources of revenue using the guidance found in IFRS 15 and determined that there are no material changes to the timing and measurement of the Company's revenue from there sources as compared to other standards.



### 3. Significant Accounting Policies (continued)

#### New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company expects that it will recognize additional assets and liabilities as a result of the current leasing arrangements. The full extent of the impact of adoption of this standard has not been determined.

*IFRS 16 Leases* - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16.

### 4. Critical Accounting Estimates and Judgements

There have been no material revisions to the nature of estimates and judgements during the six months ended February 28, 2019 as compared to the August 31, 2018 year end.

### 5. Trade and other receivables

	As at February 28 2019
Trade receivables	\$ 103,371
Interest receivable (Note 7)	3,462
Sales tax receivable	26,810
	\$ 133,643

As at February 28, 2019, one customer, Cowlitz County Cannabis Cultivation Inc. (“Cowlitz”), accounted for 100% of total trade receivables.

As at February 28, 2019 no allowance for doubtful accounts has been recognized as collections are reasonably assured on all outstanding amounts.

## 6. Prepaids and deposit

	As at February 28 2019	
Prepaid expenses	\$	47,335
Deposit		65,807
	\$	113,142

On February 26, 2019, the Company entered into a non-binding letter of intent for a Partnership Agreement with Delta One Consultants LLC (“Delta1”). The Company will partner with Delta1 to purchase an interest in an indoor cannabis grow operation. In connection with the Partnership Agreement, the Company paid US\$50,000 (\$65,807) to Delta1 as a refundable deposit.

## 7. Promissory notes receivable

On February 4, 2019, the Company issued a loan in exchange for a promissory note for US\$500,000 (\$658,072). The note bears interest at a rate of 8% per annum and all outstanding principal and accrued interest is due on February 4, 2020. The note is secured by intellectual property and licenses held by the borrower. For the six months ended February 28, 2019, the Company recorded interest income of \$3,587 included in other income related to this promissory note. As at February 28, 2019, \$3,462 of associated accrued interest is included in other receivables.

On February 11, 2019, the Company issued a loan in exchange for a promissory note for \$7,000. The note is non-interest bearing, unsecured and all outstanding principal is due on June 30, 2019.

## 8. Leases

On May 17, 2018, the Company entered into a Lease Purchase Agreement with the landlord of the premises of Cowlitz under which the Company paid US\$500,000 (\$639,420) to purchase the rights to the lease and paid an additional US\$60,000 (\$78,969) as a lease deposit. The purchase price of the lease rights is being amortized over the term of the lease which expires on June 30, 2022.

	As at February 28, 2019	
Opening balance, August 31, 2018	\$	601,605
Amortization		(81,946)
Foreign exchange		12,567
Ending balance, February 28, 2019	\$	532,226

During the six months ended February 28, 2019, the Company recorded gross rental income of \$226,865 in lease revenue under the terms of the Sublease Agreement with Cowlitz.

During the six months ended February 28, 2019, the Company incurred lease expense of \$113,431 under the terms of the Lease Agreement, pursuant to the Lease Purchase Agreement.

## 9. Intangible Asset

On May 17, 2018, the Company entered into an Intellectual Property Purchase Agreement with Cowlitz whereby the Company purchased an intangible asset from Cowlitz for consideration of US\$3,000,000 (\$3,885,708). In October 2018, the Company amended its Intellectual Property Purchase Agreement with Cowlitz to reflect the purchase of additional intangibles assets for a total consideration of US\$200,000 (\$265,961). The value of the acquired intangible asset is in product branding of cannabis and cannabis-related products and has an estimated useful saleable life of twenty years at acquisition.

Green Star has the right and ability to sell the acquired brands and trademarks at any time. The Company has the right to license the asset to various companies and generate revenues from licensing fees. Green Star is responsible for maintenance of existing registrations of the trademarks, including renewal fees. Green Star is responsible for the protection of the intellectual property, including any legal action required to be taken against infringement of the intellectual property.

	As at February 28, 2019	
<hr/>		
Cost		
Opening balance, August 31, 2018	\$	3,885,708
Additions		263,229
Foreign exchange		62,725
Ending balance, February 28, 2019	\$	4,211,662
<hr/>		
Accumulated amortization		
Opening balance, August 31, 2018		56,468
Additions		106,477
Foreign exchange		(2,925)
Ending balance, February 28, 2019		160,020
Net book value, February 28, 2019	\$	4,051,642
<hr/>		

The intangible asset is subject to an impairment test if there is an indicator of impairment. The carrying value and ultimate realization of the asset is dependent upon management's estimates of future earnings and benefits that the Company expects to generate from its use. If management's expectations of future results and cash flows are significantly diminished, intangible assets may be impaired and the resulting charge to operations may be material. Based on management's assessment, there have been no impairment indicators as of February 28, 2019 and accordingly the Company has not recorded any impairment losses related to the intangible asset during the six months February 28, 2019.

After purchasing the intangible asset, the Company entered into a License Agreement with Cowlitz which granted Cowlitz a perpetual, irrevocable, non-exclusive, non-assignable, non-sublicensable right and license to use, manufacture, have manufactured and sell Licensed Products in Washington State and to use the IP in connection with the Licensed Products. Pursuant to the terms of the License Agreement, Cowlitz will pay monthly license fees based on actual sales on a per-unit basis.

During the six months ended February 28, 2019, the Company recognized \$191,048 in licensing royalties earned pursuant to the License Agreement.

## 10. Related Party Transactions

### *a) Key management compensation*

Key management consists of the officers and directors who are responsible for planning, directing and controlling the activities of the Company.

During the six months ended February 28, 2019, the Company incurred charges with an officer and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

	For the six months ended February 28, 2019	
Management fees	\$	125,319
Share based payments		103,594
	\$	228,913

During the six months ended February 28, 2019, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

Share-based payments are the fair value of options granted to key management personnel as at the grant date.

### *b) Other transactions*

During the six months ended February 28, 2019, the Company incurred \$118,195 in legal costs to a law firm in which a director is a partner. The legal costs are included in general and administrative expenses in the statement of comprehensive loss.

During the six months ended February 28, 2019, the Company incurred \$7,648 in accounting fees to a Company owned by the Chief Financial Officer. The accounting fees are included in general and administrative expenses in the statement of comprehensive loss.

## 10. Related Party Transactions (continued)

### *c) Related party balances*

As at February 28, 2019, included in accounts payable and accrued liabilities is \$Nil (August 2018 - \$5,000) in amounts payable to a company owned by a director of the Company for unpaid legal fees. The amount is unsecured, non-interest bearing and due on demand.

As at February 28, 2019, included in accounts payable and accrued liabilities is \$10,672 (August 2018 - \$Nil) in amounts payable to a company owned by the chief financial officer of the Company for unpaid accounting fees. The amount is unsecured, non-interest bearing and due on demand.

## 11. Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

### **a) Issued**

*During the six months ended February 28, 2019:*

On November 1, 2018, the Company issued 2,500,000 units in a non-brokered private placement at \$0.05 per unit for gross proceeds of \$125,000. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.10 per warrant until May 10, 2020.

On November 30, 2018, pursuant to the terms of the Agency Agreement, the Company issued 540,350 Penalty Units. Each Penalty Unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant until June 29, 2020.

On November 30, 2018, pursuant to the terms of the Agency Agreement, the Company issued 95,500 Penalty Units. Each Penalty Unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant until July 31, 2020.

On December 19, 2018, the Company issued 50,000 common shares in a non-brokered private placement at \$0.20 per share for gross proceeds of \$10,000.

On January 4, 2019, the Company issued 977,413 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$342,095. Each unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant until January 4, 2021.

On January 15, 2019, the Company issued 80,000 common shares and 66,419 share purchase warrants to a consultant in exchange for services. The shares were fair valued at \$11,200. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.35 per warrant until January 1, 2021.

On January 31, 2019, pursuant to the terms of the Agency Agreement, the Company issued 270,175 Penalty Units. Each Penalty Unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant until June 29, 2020. As at February 28, 2019, 2,500 common shares have yet to be issued and are included in shares to be issued.

On January 31, 2019, pursuant to the terms of the Agency Agreement, the Company issued 47,750 Penalty Units. Each Penalty Unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant until July 31, 2020.

*During the period from incorporation on March 21, 2018 to August 31, 2018:*

On May 10, 2018, the Company issued 30,899,994 units in a non-brokered private placement at \$0.05 per unit for gross proceeds of \$1,545,000. Each unit consists of one common share in the Company and one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.10 per warrant for a period of 24 months from the closing date.

On May 18, 2018, the Company issued 15,659,800 restricted common shares in a non-brokered private placement at \$0.20 per share for gross proceeds of \$3,131,960.

On May 23, 2018, the Company issued 285,714 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$100,000. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.35 per warrant for a period of 24 months from the closing date.

On June 29, 2018, the Company issued 5,403,500 units in a brokered private placement at \$0.35 per unit for gross proceeds of \$1,891,225. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

On July 23, 2018, the Company issued 2,817,590 units in a non-brokered and 150,000 units in a brokered private placement at \$0.35 per unit for gross proceeds of \$1,038,657. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

On July 31, 2018, the Company issued 955,000 units in a brokered private placement at \$0.35 per unit for gross proceeds of \$334,250. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

On August 2, 2018, the Company issued 85,000 units in a brokered private placement at \$0.35 per unit for gross proceeds of \$29,750. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

## 11. Share Capital (continued)

### *Shares to be Issued*

As at February 28, 2019, there was \$8,393 in share subscriptions which are included in shares to be issued.

### **b) Share Issue Costs**

On May 18, 2018, the Company issued 700,000 broker warrants in connection with a private placement. Each warrant is exercisable into one common share of the Company at \$0.20 per share for a period of two years. Fair value was estimated at \$100,420 or \$0.14 per warrant at the grant date using the Black-Scholes option pricing model with the following assumptions: no expected dividends to be paid; volatility of 150% based on historical volatility; risk-free interest rate of 2.03%; and expected life of 2 years.

On June 29, 2018, the Company entered into an agency agreement (the "Agreement") with Mackie Research Capital Corporation ("Mackie") where Mackie acted as the agent to offer the Company's common shares at a price of \$0.35 per unit (the "Offering") to raise gross proceeds of \$1,891,225. Under the terms of the Agreement, the Company paid a cash commission of \$132,386 (7% of the gross proceeds from the Offering), \$42,000 in corporate finance fees and \$34,689 in legal fees and other expenses to Mackie. In addition, the Company granted 378,245 compensation options (7% of the number of units sold under the Offering). Each compensation option is exercisable to acquire one unit of the Company. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the Closing Date. The Compensation Options were fair valued on the grant date at \$94,866 and recorded to share issuance costs.

The terms of the Agreement also provided that if the Company has not completed an event that results in the Company being listed as a reporting issuer on a recognized exchange by the later of 120 days from closing or November 30, 2018 (the "Liquidity Expiry Period"), each unit holder shall be entitled to additional units equal to 0.10 of the number of units the unit holder purchased pursuant to the Offering ("Penalty Units") and for each additional sixty (60) day period after the Liquidity Expiry Period an additional number of Penalty Units equal to 0.05 of the number of units the unit holder purchased pursuant to the Offering. Each Penalty Unit issued due to the operation of the Liquidity Expiry Period is to have the same terms as a unit issued in the Offering.

On July 23, 2018, the Company paid a cash commission of \$2,550 to a broker in a brokered private placement for gross proceeds of \$32,450.

On July 24, 2018, the Company issued 7,000 broker warrants in connection with a private placement. Each warrant is exercisable into one common share of the Company at \$0.35 per share for a period of two years. Fair value was estimated at \$1,757 or \$0.25 per warrant at the grant date using the Black-Scholes option pricing model with the following assumptions: no expected dividends to be paid; volatility of 150% based on historical volatility; risk-free interest rate of 1.99%; and expected life of 2 years.

## 11. Share Capital (continued)

On July 27, 2018, the Company entered into an agency agreement (the “Agreement”) with Mackie where Mackie acted as the agent to offer the Company’s common shares at a price of \$0.35 per unit (the “Offering”) to raise gross proceeds of \$334,250. Under the terms of the Agreement, the Company paid a cash commission of \$23,398 (7% of the gross proceeds from the Offering) and \$(2,467) in legal fees and other expenses to Mackie. In addition, the Company granted 66,850 compensation options (7% of the number of units sold under the Offering). Each compensation option is exercisable to acquire one unit of the Company. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the Closing Date. The Compensation Options were fair valued on the grant date at \$16,775 and recorded to share issuance costs.

On August 2, 2018, the Company paid a cash commission of \$2,183 to a broker in a brokered private placement for gross proceeds of \$85,000.

On August 2, 2018, the Company issued 175,950 broker warrants in connection with a private placement. Each warrant is exercisable into one common share of the Company at \$0.35 per share for a period of two years. Fair value was estimated at \$44,180 or \$0.25 per warrant at the grant date using the Black-Scholes option pricing model with the following assumptions: no expected dividends to be paid; volatility of 150% based on historical volatility; risk-free interest rate of 2.07%; and expected life of 2 years.

### c) Share Purchase Warrants

The following is a summary of changes in share purchase warrants for the six months ended February 28, 2019:

	<u>Weighted Average Number</u>	<u>Weighted Average Exercise Price</u>
Balance, August 31, 2018	36,631,346	\$0.19
Issued	3,532,013	\$0.28
Balance, February 28, 2019	40,163,359	\$0.20



## 11. Share Capital (continued)

At February 28, 2019, the Company had 40,163,359 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Vested</u>
33,399,994	\$0.10	May 10, 2020	33,399,994
700,000	\$0.20	May 18, 2020	700,000
142,857	\$0.75	May 23, 2020	142,857
3,107,013	\$0.75	June 29, 2020	3,107,013
7,000	\$0.35	July 24, 2020	7,000
1,483,795	\$0.75	July 23, 2020	1,483,795
549,125	\$0.75	July 31, 2020	549,125
42,500	\$0.75	August 2, 2020	42,500
175,950	\$0.35	August 2, 2020	175,950
66,419	\$0.35	January 1, 2021	66,419
<u>488,706</u>	<u>\$0.75</u>	<u>January 4, 2021</u>	<u>488,706</u>
<u>40,163,359</u>			<u>40,163,359</u>

As at February 28, 2019, the weighted average life of warrants outstanding was 1.23 years.

### *Derivative liability*

The Company's derivative liability arises as a result of the issuance of warrants exercisable in Canadian dollars. As the denomination is different from the U.S. dollar functional currency, the Company recognizes a derivative liability for these warrants and remeasures the liability at the end of each reporting period using the Black-Scholes option pricing model.

A reconciliation of the changes in the derivative liability during the year is as follows:

	As at February 28, 2019
Balance at beginning of the period	\$ 3,433,644
Recognition upon issuance	263,565
Change in fair value	(477,333)
Foreign exchange	116,163
<u>Balance at the end of the period</u>	<u>\$ 3,336,039</u>

## 11. Share Capital (continued)

The following weighted average assumptions were used to estimate the fair value of the derivative warrant liability:

	At February 28, 2019	At August 31, 2018
Weighted average expected dividend yield	0.0%	0.0%
Weighted average expected volatility	150.0%	150.0%
Weighted average risk-free interest rate	1.78%	2.07%
Weighted average expected term	1.23 years	1.83 years

### d) Performance Warrants

On May 18, 2018, the Company issued 4,655,992 non-transferable performance warrants ("Performance Warrant"). Each Performance Warrant is exercisable into one common share of the Company at an exercise price of \$0.35 at any time for a period of 36 months following the vesting date. The Performance Warrants vest on the date that is five (5) years from the date of issuance, May 18, 2023.

The following is a summary of the changes in performance warrants for the six months ended February 28, 2019:

	Weighted Average Number	Weighted Average Exercise Price
Balance, August 31, 2018	4,655,992	\$0.35
Issued	-	-
Balance, February 28, 2019	4,655,992	\$0.35

At February 28, 2019, the Company had 4,655,992 performance warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Vested</u>
<u>4,655,992</u>	\$0.35	May 18, 2026	=
<u>4,655,992</u>			

As at February 28, 2019, the weighted average life of performance warrants outstanding was 7.22 years.

## 11. Share Capital (continued)

### e) Options

The following is a summary of changes in share purchase options for the six months ended February 28, 2019:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable, August 31, 2018	4,445,095	\$0.20
Granted	700,008	\$0.35
<u>Outstanding, February 28, 2019</u>	<u>5,145,103</u>	<u>\$0.22</u>
<u>Exercisable, February 28, 2019</u>	<u>2,058,334</u>	<u>\$0.20</u>

At February 28, 2019, the following stock options were outstanding, entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Vested</u>
4,000,000	\$0.20	May 30, 2028	2,000,000
<u>700,008</u>	\$0.35	January 15, 2024	<u>58,334</u>
<u>4,700,008</u>			<u>2,058,334</u>

At February 28, 2019, the following stock options were outstanding, entitling the holders thereof the right to purchase one common share and one half of one share purchase warrant exercisable at \$0.75 per warrant for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Vested</u>
378,245	\$0.35	24 months from the date of a Liquidity Event	-
<u>66,850</u>	\$0.35	24 months from the date of a Liquidity Event	-
<u>445,095</u>			

As at February 28, 2019, the weighted average life of options outstanding was 8.02 years.

## 11. Share Capital (continued)

### f) Escrow shares

Pursuant to the terms of the non-brokered private placement on May 18, 2018 for 15,659,800 common shares, any certificates representing 90% of the common shares subscribed for by a subscriber will bear a legend such that 30% of the common shares received by the subscriber will not be able to be traded before the date that is three, six and nine months, respectively, following the date of listing of the common shares on a recognized Canadian stock exchange.

As at February 28, 2019, 14,093,820 common shares are held in escrow.

## 10. Basis of fair value

The Company's financial instruments consist of cash, trade receivables, other receivables, trade payables and derivative liability. The fair value of the Company's trade receivables, other receivables, and trade payables and accrued liabilities approximate the carrying value, which is the amount on the statement of financial position due to their short-term maturities or ability of prompt liquidation. The Company's cash is measured at fair value under the fair market hierarchy based on level one quoted prices in active markets for identical assets. The Company's derivative liability is measured at fair value under the fair market hierarchy based on level three using valuation techniques that include inputs not based on observable market data.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at February 28, 2019:

		Level 1	Level 2	Level 3
Cash	\$	1,321,871	\$ -	\$ -
Derivative liability		-	3,336,039	-
Total	\$	1,321,871	\$ 3,336,039	\$ -

## 12. Subsequent Events

- a) On March 25, 2019, the Company issued 385,429 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$134,900. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.
- b) On March 30, 2019, the Company issued 500,000 stock options to consultants of the Company. The options will vest as follows: 250,000 on March 30, 2019 and 250,000 on March 30, 2020. Each option is exercisable into one common share of the Company at an exercise price of \$0.35 per stock option until March 30, 2029.
- c) On March 31, 2019, pursuant to the terms of the Agency Agreement, the Company issued 317,925 Penalty Units. Each Penalty Unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months.
- d) On May 1, 2019, the Company issued 501,000 stock options to a consultant in exchange for services. The options will vest 20,875 at the end of each calendar month. Each option is exercisable into one common share of the Company at an exercise price of \$0.35 per stock option until February 1, 2024.
- e) On May 15, 2019, the Company issued 290,537 units in a non-brokered private placement at \$0.45 per unit for gross proceeds of \$130,741. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.
- f) On May 22, 2019, the Company issued 711,111 units in a non-brokered private placement at \$0.45 per unit for gross proceeds of \$320,000. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 24 months from the closing date.

**APPENDIX E**  
**RESULTING ISSUER PRO FORMA FINANCIAL STATEMENTS**

	<b>Green Star Biosciences Inc.</b>	<b>Bethpage Capital Corp.</b>		<b>Pro Forma Adjustments</b>		
	For the six months ended February 28, 2019	For the year ended December 31, 2018	Notes	DR	CR	Pro Forma Balance
<b>ASSETS</b>						
Cash	1,321,871	2,658	b) d) f) g)	134,900 7,000 130,741 320,000	- - - -	1,917,170
Trade and other receivables	133,643	4,780		-	-	138,423
Prepays and deposits	113,142	-		-	-	113,142
Promissory note	665,072	-	d)	-	7,000	658,072
<b>Total current assets</b>	<b>2,233,728</b>	<b>7,438</b>		<b>592,641</b>	<b>7,000</b>	<b>2,826,807</b>
Deposit on lease	78,969	-		-	-	78,969
Lease, net of amortization	532,226	-		-	-	532,226
Intangible asset	4,051,642	-		-	-	4,051,642
<b>Total assets</b>	<b>6,896,565</b>	<b>7,438</b>		<b>592,641</b>	<b>7,000</b>	<b>7,489,644</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Accounts payable and other liabilities	28,999	132,082	a)	-	100,000	261,081
<b>Total current liabilities</b>	<b>28,999</b>	<b>132,082</b>		<b>-</b>	<b>100,000</b>	<b>261,081</b>
Derivative liability	3,336,039	-	b) c) f) g)	- - - -	11,847 5,916 8,963 21,952	3,384,717
<b>Total liabilities</b>	<b>3,365,038</b>	<b>132,082</b>		<b>-</b>	<b>148,678</b>	<b>3,645,798</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	7,835,772	571,959	a) b) c) f) g)	571,959 - - - -	890,000 123,053 117,190 121,778 298,048	9,385,841
Subscriptions received in advance	8,393	-		-	-	8,393
Additional paid in capital	1,108,227	154,780	a) e)	154,780 -	- 38,965	1,147,192

Accumulated other comprehensive income	76,574	-		-	-	76,574
Deficit	(5,497,439)	(851,383)	a)	990,000	726,739	(6,774,154)
			c)	123,106	-	
			e)	38,965	-	
<b>Total shareholders' equity</b>	<b>3,531,527</b>	<b>(124,644)</b>		<b>1,878,810</b>	<b>2,315,773</b>	<b>3,843,846</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,896,565</b>	<b>7,438</b>		<b>1,878,810</b>	<b>2,464,451</b>	<b>7,489,644</b>

The accompanying notes are an integral part of this unaudited pro forma consolidated statement of financial position.



## 1. BASIS OF PRESENTATION AND PREPARATION

Bethpage Capital Corp. (“Bethpage”) was incorporated pursuant to the Business Corporations Act of British Columbia on May 13, 2010. The registered office of the Company is located at Suite 717 – 1030 West Georgia Street, Vancouver, BC. Bethpage has one wholly-owned and consolidated subsidiary, 2173969 Alberta Ltd. (“Bethpage Subco”).

Green Star Biosciences Inc. (“Green Star”) was incorporated under the Business Corporations Act of Alberta on March 21, 2018. The Company owns licenses to brands, owns intellectual property and leases real estate to a cannabis processor and wholesaler. The head office, principal address and registered office of the Company are located at 1250 – 639 5th Ave S.W. Calgary, AB T2P 0M9.

On February 28, 2019, Green Star shareholders agreed to exchange, and Bethpage agreed to acquire, all of the Green Star Shares registered in their respective names, in consideration for the issuance by Bethpage of 62,522,789 Bethpage Common Shares to the Green Star Shareholders. Bethpage Shareholders will hold 4,450,000 at the time of the share exchange and the total number of common shares outstanding will be 66,972,789.

The unaudited pro-forma consolidated statement of financial position is the result of combining the audited statement of financial position of Bethpage as at December 31, 2018 and the interim consolidated statement of financial position of Green Star as at February 28, 2019. The unaudited pro-forma consolidated statement of financial position has been prepared by management for inclusion in Bethpage’s filing statement (the “Filing Statement”) dated on or about **May XX, 2019**.

The unaudited pro forma consolidated statement of financial position has been prepared assuming the acquisition of the Company had occurred on December 31, 2018. Actual amounts recorded upon consummation of the Agreement will likely differ from those recorded in the unaudited pro forma consolidated statement of financial position. The pro forma adjustments and allocations of the purchase price are based in part on estimates of the fair value of assets acquired and liabilities to be assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized as of the date of the completion of the acquisition. The actual fair values of the assets and liabilities will be determined as of the effective date of the Transaction and may differ materially from the amounts disclosed in the assumed pro forma purchase price allocation because of changes in fair value of the assets and liabilities up to the date of effective date of the Transaction, and as further analysis is completed.

Consequently, the actual allocation of the purchase price may result in different adjustments than those in the unaudited pro forma consolidated statement of financial position. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and is subject to change between the time such preliminary estimations were made and closing as a result of several factors.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with Bethpage’s and Green Star’s accounting policies, as disclosed in Bethpage’s audited financial statements for the year ended December 31, 2018 and Green Star’s audited financial statements for the period ended August 31, 2018. There are no material differences in accounting policies between Bethpage and Green Star.

The unaudited pro forma consolidated statement of financial position has been compiled from:

Information derived from the i) Bethpage’s audited financial statements as at December 31, 2018; and ii) Green Star’s interim consolidated financial statements for the statements as at February 28, 2019. Both Bethpage and Green Star’s financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, and included elsewhere in the Filing Statement.

It is management of Bethpage’s opinion that the unaudited pro-forma consolidated statement of financial position includes all adjustments required for the fair presentation, in all material respects, of the transaction described in Note 3 in accordance with IFRS.

## 2. SUMMARY OF PROPOSED TRANSACTION

Pursuant to the Share Exchange Agreement, the parties thereto will affect a “three-cornered” amalgamation (“Amalgamation”) whereby Bethpage Subco and Green Star will amalgamate with holders of Bethpage each receiving one common share of Bethpage (“Bethpage Share”), for every common share in Green Star held (the “Transaction”).

The total number of Bethpage shares after completed of the Amalgamation (“Resulting Issuer Shares”) to be issued and outstanding immediately following the completion of the Transaction is expected to be approximately 66,972,789 common shares. Former Green Star shareholders are expected to hold 62,522,789 Resulting Issuer Common Shares representing approximately ninety-three percent (93%) of such Resulting Issuer Shares and former Bethpage Shareholders are expected to hold 4,450,000 Resulting Issuer Shares representing approximately seven percent (7%) of such Resulting Issuer Shares.

## 3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The pro forma consolidated statement of financial position was prepared based on the following assumptions and adjustments:

- a) As a result of the Transaction, the shareholders of Green Star will acquire control of Bethpage, thereby constituting a reverse acquisition of Bethpage. The Transaction is considered a purchase of Bethpage’s net assets by the shareholders of Green Star.

The Transaction will be accounted for in accordance with guidance provided in IFRS 2, “Share-Based Payment” and IFRS 3, “Business Combinations”. As Bethpage did not qualify as a business according to the definition in IFRS 3, this Transaction does not constitute a business combination; rather it is treated as an issuance of shares by Green Star for the net assets of Bethpage and Bethpage’s listing status and Green Star as the continuing entity.

The purchase price is allocated as follows:

Fair value of Bethpage shares (4,450,000 common shares at \$0.20 per share)	\$	890,000
Closing transaction costs		100,000
<b>Total consideration</b>	<b>\$</b>	<b>990,000</b>
Net assets (liabilities) of Bethpage:		
Cash	\$	2,658
Receivables		4,780
Liabilities		(132,082)
<b>Total net assets</b>	<b>\$</b>	<b>(124,644)</b>
<b>Transaction cost</b>	<b>\$</b>	<b>1,114,644</b>

The fair value of the 4,450,000 common shares was determined using a price of \$0.20 per share being the price of the most recent financing completed by Bethpage.

Closing transaction costs included in the total consideration include an estimated \$100,000 in professional fees.

- b) On March 25, 2019, the Company issued 385,429 units in a non-brokered private placement at \$0.35 per unit for gross proceeds of \$134,900, recorded at a fair value of \$123,053. Each unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share at an exercise price of \$0.75 per warrant until March 25, 2021. In connection, with the issuance of warrants, a derivative liability of \$11,847 was recognized.
- c) On June 29, 2018, Green Star entered into an Agency Agreement with Mackie Research Capital Corporation (the "Agency Agreement"). Under the terms of the Agency Agreement, Green Star agreed to sell through the Agent up to 12,857,143 units (a "GSB Unit") at a price of \$0.35 per Unit for aggregate proceeds of up to \$4,500,000 (the "Offering"). Each Unit consists of one (1) GSB Common Share and one half (1/2) of one (1) warrant (a "Warrant"). Each Warrant is exercisable into one (1) GSB Common Share at \$0.75 for a period of twenty-four (24) months from the Closing Date. The terms of the GSB Unit offering also provided that if GSB has not completed a Liquidity Event by the later of 120 days from closing or November 30, 2018 (the "Liquidity Expiry Period") each GSB Unitholder shall be entitled to additional GSB Units equal to 0.10 of the number of GSB Units the GSB Unitholder purchased pursuant to the GSB Unit offering ("Penalty Units"), and for each additional sixty (60) day period after the Liquidity Expiry Period an additional number of Penalty Units equal to 0.05 of the number of GSB Units the GSB Unit holder purchased pursuant to the GSB Unit offering. Each Penalty Unit issued due to the operation of the Liquidity Expiry Period is to have the same terms as a GSB Unit.

On March 31, 2019, pursuant to the terms of the Agency Agreement, the Company issued 317,925 Penalty Units recorded at a fair value of \$117,190. In connection with the issuance of warrants, a derivative liability of \$5,916 was recognized.

- d) On February 4, 2019, Bethpage issued a promissory note to Green Star for \$7,000. There note is non-interest bearing, unsecured and matures on June 30, 2019.
- e) On March 30, 2019, the Company issued 500,000 stock options to consultants of the Company. The options will vest as follows: 250,000 on March 30, 2019 and 250,000 on March 30, 2020. Each option is exercisable into one common share of the Company at an exercise price of \$0.35 per stock option until March 30, 2029.
- f) On May 15, 2019, the Company issued 290,537 units in a non-brokered private placement at \$0.45 per unit for gross proceeds of \$130,741, recorded at a fair value of \$121,778. Each unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share at an exercise price of \$0.75 per warrant until May 19, 2021. In connection, with the issuance of warrants, a derivative liability of \$8,963 was recognized.
- g) On May 22, 2019, the Company issued 711,111 units in a non-brokered private placement at \$0.45 per unit for gross proceeds of \$320,000, recorded at a fair value of \$298,048. Each unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share at an exercise price of \$0.75 per warrant until May 19, 2021. In connection, with the issuance of warrants, a derivative liability of \$21,952 was recognized.

#### 4. PRO FORMA CAPITALIZATION

	Number of Shares	Amount
<b>Opening balance</b>	<b>4,450,000</b>	<b>\$ 571,959</b>
Recapitalization transaction (Note 3(a)):		
Equity of Green Star	60,817,787	7,835,772
Elimination of Bethpage's equity	-	(571,959)
Shares acquired of legal parent	(60,817,787)	-
Shares issued on Transaction	60,817,787	890,000
Shares issued for private placement (Note 3(b))	385,429	123,053
Penalty Units issued (Note 3(c))	317,925	117,190
Shares issued for private placement (Note 3(f))	290,537	121,778
Shares issued for private placement (Note 3(g))	711,111	298,048
<b>Total</b>	<b>66,972,789</b>	<b>\$ 9,385,841</b>

Following the completion of the Transaction, there will be warrants to purchase 40,066,482 common shares, finders' warrants to purchase 949,369 common shares, performance warrants to purchase 4,655,992 common shares, Agent's unit options to purchase 445,095 agent's units, Agent's warrants to purchase 222,547 common shares and stock options to purchase an additional 5,813,508 common shares.

#### 5. INCOME TAX

The effective consolidated pro forma tax rate is expected to approximate 27%.

**CERTIFICATE OF BETHPAGE CAPITAL CORP.**

Dated: May 28, 2019

Pursuant to a resolution duly passed by its Board of Directors, Bethpage Capital Corp. hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Bethpage Capital Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

(signed) "Ralph Olson"  
Ralph Olson  
President and Director

(signed) "Alex McAulay"  
Alex McAulay  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) "Faizaan Lalani"  
Faizaan Lalani  
Director

(signed) "Scott Reeves"  
Scott Reeves  
Director

**CERTIFICATE OF GREENSTAR BIOSCIENCES INC.**

Dated: May 28, 2019

The foregoing contains full, true and plain disclosure of all material information relating to Greenstar Biosciences Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

(signed) "Ralph Olson"  
Ralph Olson  
Chief Executive Officer and Director

(signed) "Alex McAulay"  
Alex McAulay  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) "Faizaan Lalani"  
Faizaan Lalani  
Director

(signed) "Scott Reeves"  
Scott Reeves  
Director