

**NOTICE OF MEETING AND  
MANAGEMENT INFORMATION CIRCULAR**

**IN RESPECT OF**

**THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF  
ORCA TOUCHSCREEN TECHNOLOGIES LTD. TO BE HELD ON JUNE 27, 2018**

**May 28, 2018**

*Neither the Canadian Securities Exchange nor any securities commission has in any way passed upon the merits of the transaction described herein and any representation to the contrary is an offence.*

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS

**TAKE NOTICE THAT** an annual general and special meeting (the "**Meeting**") of the shareholders of Orca Touchscreen Technologies Ltd. (the "**Corporation**") will be held at 1050 West Pender Street - #1100, Vancouver, B.C., V6E 3S7, on Friday, June 27, 2018, at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Corporation as at and for the years ended December 31, 2017 and 2016 together with the report of the auditors thereon;
2. to fix the number of directors of the Corporation for the ensuing year, or until the Change of Board Time (as defined in the accompanying management information circular (the "**Circular**"), as the case may be, at three (3);
3. to elect the directors of the Corporation for the ensuing year, or until the Change of Board Time, as the case may be;
4. to fix the number of directors of the Corporation from the Change of Board Time until the close of the next annual meeting of shareholders of the Corporation at four (4);
5. to elect new directors to serve from Change of Board Time until the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed, as more fully described in the accompanying Circular;
6. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors;
7. to consider and, if deemed advisable, to pass an ordinary resolution, the full text of which is set forth in the accompanying Circular and proxy statement, ratifying, adopting and approving the stock option plan of the Corporation and authorizing the Corporation's board of directors to make any amendments thereto that may be required for the purpose of obtaining the approval of applicable securities regulatory authorities or stock exchanges;
8. to consider and, if deemed advisable, to pass an ordinary resolution to approve the amendments to the Corporation's Notice of Articles to create two (2) new classes of shares designated as "Special Class C Shares" and "Class B Preferred Shares", the full text of which is set forth in the accompanying Circular;
9. to consider and, if deemed advisable, to pass an ordinary resolution, the full text of which is set forth in the accompanying Circular, to approve the Corporation's proposed transaction with Cultivator Catalyst Corp., as more fully described therein; and
10. to transact such other business as may properly come before the Meeting.

The enclosed information circular discloses additional information on the matters to be acted upon at the Meeting.

This notice of Meeting is accompanied by: (a) the Circular; and (b) either a form of proxy for registered Shareholders or a voting instruction form for beneficial Shareholders. **The Circular accompanying this notice of Meeting is incorporated into and shall be deemed to form part of this notice of Meeting.**

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is May 11, 2018 (the "**Record Date**"). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof. As a shareholder, you can choose from three different ways to vote your shares by proxy: (a) by mail or delivery in the addressed envelope provided or deposited at the offices of Computershare Investor Services Inc. ("**Computershare**"), Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, on behalf of the Corporation, so as to arrive not later than 11:00 a.m. (Vancouver time) on June 25, 2018, or if the Meeting is adjourned, at the latest 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used; (b) by telephone (toll free) at 1-866-732-VOTE (8683); or (c) on the internet at

www.investorvote.com, unless the chair of the Meeting elects to exercise his or her discretion to accept proxies received subsequently.

The above time limit for deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice.

**SHAREHOLDERS ARE CAUTIONED THAT THE USE OF THE MAIL TO TRANSMIT PROXIES IS AT EACH SHAREHOLDER'S RISK.**

**DATED** at Vancouver, British Columbia as of the **28<sup>th</sup>** day of **May, 2018**.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Brian Gusko"*

**Chief Executive Officer & Director**

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### Management Information Circular and Proxy Statement

(Unless otherwise stated, information contained herein is given as of **May 28, 2018**)

### INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

No person has been authorized to give any information or to make any representation with respect to the matters to be considered at the Meeting other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation.

#### **Solicitation of Proxies**

This management information circular and proxy statement (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of Orca Touchscreen Technologies Ltd. (the "**Corporation**") for use at the annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held at 1050 West Pender Street - #1100, Vancouver, B.C., V6E 3S7 on Friday, June 27, 2018 at 11:00 a.m. (Vancouver time), for the purposes set forth in the notice of annual general and special meeting (the "**Notice**") accompanying this Circular.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication. In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

These securityholder materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered owner of Common Shares, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding Common Shares on your behalf.

Accompanying this Circular (and filed with applicable securities regulatory authorities) is a form of proxy for use at the Meeting (a "**Proxy**"). Each Shareholder who is entitled to attend at meetings of Shareholders is encouraged to participate in the Meeting and all Shareholders are urged to vote on matters to be considered in person or by proxy. All time references in this Circular are references to Vancouver, British Columbia, Canada time.

#### **Quorum for the Transaction of Business**

The Corporation's articles provide that the quorum at a meeting of the shareholders of the Corporation shall be constituted by the attendance of one or more shareholders, present in person or represented by proxy, holding not less than one voting share of the Corporation.

#### **Rights of Revocation of Proxies and Appointment of Proxyholder**

##### **Appointment of a Proxy**

**Those Shareholders who wish to be represented at the Meeting by proxy must complete and deliver a proper Proxy to Computershare Investor Services Inc. (the "Transfer Agent"), at 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1.**

**The persons named as proxyholders in the Proxy accompanying this Circular are directors or officers of the Corporation, or persons designated by management of the Corporation, and are representatives of the Corporation's management for the Meeting. A Shareholder who wishes to appoint some other person (who need not be a Shareholder) to attend and act for him, her or it and on his, her or its behalf at the Meeting other than the management nominee designated in the Proxy may do so by either: (i) crossing out the names of the management nominees AND legibly printing the other person's name in the blank space provided in the accompanying Proxy; or (ii) completing another valid form of proxy. In either case, the completed form of proxy must be delivered to the Transfer Agent, at the place and within the time specified herein for the deposit of proxies. A Shareholder who appoints a proxy who is someone other than the management representatives named in the Proxy should notify such alternative nominee of the appointment, obtain the nominee's consent to act as proxy, and provide instructions on how the Common Shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the Proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the Proxy).**

**In order to validly appoint a proxy, Proxies must be received by the Transfer Agent, at 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the Meeting or any adjournment or postponement thereof.** After such time, the chairman of the Meeting may accept or reject a Proxy delivered to him or her in his or her discretion but is under no obligation to accept or reject any particular late Proxy.

#### **Revoking a Proxy**

A Shareholder who has validly given a proxy may revoke it for any matter upon which a vote has not already been cast by the proxyholder appointed therein. In addition to revocation in any other manner permitted by law, a proxy may be revoked with an instrument in writing signed and delivered to either the registered office of the Corporation or the Transfer Agent at 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any postponement or adjournment thereof at which the proxy is to be used, or deposited with the chairman of such Meeting on the day of the Meeting, or any postponement or adjournment thereof. The document used to revoke a proxy must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

Also, a Shareholder who has given a proxy may attend the Meeting in person (or where the Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the chairman before the proxy is exercised) and vote in person (or withhold from voting).

Only registered Shareholders have the right to revoke a proxy. Non-registered Shareholders who wish to change their vote must arrange for their intermediary or nominee to revoke the proxy on their behalf.

#### **Signature on Proxies**

The Proxy must be executed by the Shareholder or his or her duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer whose title must be indicated. A Proxy signed by a person acting as attorney or in some other representative capacity should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Corporation).

#### **Voting of Proxies**

Each Shareholder may instruct his, her or its proxy how to vote his, her or its Common Shares by completing the blanks on the Proxy.

**The Common Shares represented by the enclosed Proxy will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such**

**direction, such Common Shares will be voted FOR THE RESOLUTIONS DESCRIBED IN THE PROXY AND BELOW.** If any amendment or variation to the matters identified in the Notice is proposed at the Meeting or any adjournment or postponement thereof, or if any other matters properly come before the Meeting or any adjournment or postponement thereof, the accompanying Proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the appointed proxyholder. Unless otherwise stated, the Common Shares represented by a valid Proxy will be voted in favour of the election of nominees set forth in this Circular except where a vacancy among such nominees occurs prior to the Meeting, in which case, such Common Shares may be voted in favour of another nominee in the proxyholder's discretion. As at the date of this Circular, management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON**

Except as disclosed in this Circular or as below, none of the directors or senior officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the approval of the Transaction (defined herein), the approval of which certain persons (noted herein) are excluded from voting on in accordance with the requirements of the CSE (defined herein).

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

##### **Voting Shares, Record Date and Principal Shareholders**

The authorized capital stock of the Corporation consists of an unlimited number of common shares without par value. Each common share entitles its holder to one vote. On the date hereof, there were 57,662,633 Common Shares of the Corporation issued and outstanding.

The board of directors of the Corporation (the "**Board**") fixed the close of business on May 11, 2018 as the record date (the "**Record Date**") for determining which shareholders shall be entitled to receive notice of the meeting and to vote in person or by proxy at the Meeting or any adjournment thereof.

To the knowledge of the Directors (as defined herein) and executive officers of the Corporation, as of the date of this Circular, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying 10% or more of all voting rights attached to the outstanding Common Shares, except for Walter Zmug, holding 6,250,334 Common Shares, equal to 10.8% of the issued and outstanding Common Shares.

As at the date of this Circular, the current Directors and senior officers of the Corporation own or control, directly or indirectly 1,353,000 Common Shares.

##### **Common Shares**

The holders of Common Shares are entitled to notice of and to vote at all annual general meetings of shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Common Share. The holders of Common Shares are entitled to receive such dividends as the board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") declare and, upon liquidation, to receive such assets of the Corporation as are distributable to holders of Common Shares.

##### **Voting of Common Shares – General**

Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Holders of the Corporation's Common Shares who acquire common shares of the Corporation after the Record Date will not be entitled to vote his or her Common Shares at the Meeting.

##### **Advice to Beneficial Shareholders**

**The information set forth in this section is of significant importance to a substantial number of the Shareholders who do not hold their Common Shares in their own names.** Shareholders who do not hold their Common Shares in their own names (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. **Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. or other brokers/agents are held.** Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.

Non-registered holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "non-objecting beneficial owners. Those non-registered holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as "objecting beneficial owners" ("**OBOs**").

The Corporation does not intend to pay for Intermediaries to deliver the Meeting materials and Form 54-101F7 – Request for Voting Instructions Made by Intermediary to OBOs. As a result, OBOs will not receive the Meeting materials unless their Intermediary assumes the costs of delivery.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting instruction form in lieu of the Instrument of Proxy, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting instruction forms to Broadridge. Alternatively, Beneficial Shareholders sometimes are provided with a toll-free telephone number or website information to deliver the Beneficial Shareholder's voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed voting instruction form as directed by Broadridge well in advance of the Meeting.**

**All references to Shareholders in this Circular, the Instrument of Proxy and the Notice are to Shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be made available upon request to registered Shareholders who produce proof of their identity.**

#### **Notice-and-Access**

The Corporation is not sending the Meeting materials to Shareholders using "notice-and-access", as defined under NI 54-101.

**All references to shareholders in this Circular, the enclosed form of proxy and the notice of meeting are to the registered shareholders unless specifically stated otherwise.**

## STATEMENT OF EXECUTIVE COMPENSATION

### **Compensation Discussion and Analysis**

Executive Compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year (the "**Named Executive Officers**" or "**NEOs**").

The Named Executive Officers of the Corporation during the most recently completed financial year were Brian Gusko, Chief Executive Officer (Mr. Gusko was appointed President and Chief Executive Officer on May 4, 2017), GwanJe Woo, former Chief Executive Officer (Mr. Woo was appointed Chief Executive Officer on April 25, 2014 and resigned on May 4, 2017), Abbey Abdiye, Chief Financial Officer (Mr. Abdiye was appointed Chief Financial Officer on May 4, 2017). There were no other Named Executive Officers during the most recently completed financial year, as no other employees earned in excess of \$150,000 in the financial year ended December 31, 2017.

### ***Philosophy and Objectives***

As the Corporation does not have a compensation committee, the functions of a compensation committee are performed by the Board of Directors as a whole and the compensation of the Named Executive Officers is reviewed and approved annually by the Board of Directors.

The objective of the Board of Directors in setting compensation levels is to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Shareholders. These objectives are designed to ensure that the Corporation continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders. The Board of Directors set the compensation received by Named Executive Officers so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors relies primarily on their own experience and knowledge.

### ***Compensation***

The Corporation compensates its executive officers based on their skill and experience levels and the existing stage of development of the Corporation. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Corporation's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

The Board of Directors has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers are paid a monthly consulting fee or salary determined by the Board of Directors, if appropriate. Second, the Board of Directors awards executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Corporation does not provide pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board of Directors. The Chief Executive Officer has substantial input in setting annual compensation levels. The Chief Executive Officer is directly responsible for the financial resources and operations of the Corporation. In addition, the Chief Executive Officer and Board of Directors from time to time determine the stock option grants to be made pursuant to the incentive plan of the Corporation (the "**Plan**"). Previous grants of stock options are taken into account when considering new grants.



The Board of Directors awards bonuses at its sole discretion. The Board of Directors does not have pre-existing performance criteria or objectives.

The Board of Directors considers the implications of the risks associated with the Corporation's compensation policies and practices when determining rewards for its executive officers and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Board of Directors does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on the Corporation.

The Corporation's compensation program includes certain mechanisms to ensure risk taking behaviour falls within reasonable risk tolerance levels, including (i) the establishment of a compensation package that is competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin; and (ii) utilizing long term incentive plans (option based awards) for diversification and alignment.

Neither executive officers nor directors are permitted to take any derivative or speculative positions in the Corporation's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Corporation's securities.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Corporation's financial resources and prospects.

The Corporation does not currently have any agreements in place setting the terms of the relevant Named Executive Officers compensation. Compensation of the Named Executive Officers is reviewed by the Corporation's Board of Directors on an annual basis.

### Summary Compensation Table

The following table sets forth information concerning the total compensation paid during the years ended December 31, 2017, December 31, 2016 and December 31, 2015 to the Named Executive Officers.

Name of NEO and Principal Position	Year Ended December 31	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) <sup>(4)</sup>	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Brian Gusko CEO <sup>(1)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	-	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-	-
GwanJe Woo, former CEO <sup>(2)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2015	28,500	Nil	44,514	Nil	Nil	Nil	Nil	73,014
Abbey Abdiye CFO <sup>(3)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	-	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-	-

(1) Mr. Gusko was appointed CEO on May 4, 2017. Mr. Gusko has not received any compensation in connection with his roles as a director and officer of the Corporation.

(2) Mr. Woo served as CEO from April 25, 2014 to May 4, 2017.

(3) Mr. Abdiye was appointed CFO on May 4, 2017. Mr. Abdiye has not received any compensation in connection with his role as CFO of the Corporation.

- (4) The fair value on the December 18, 2015 grant date was calculated using the Black-Scholes-Merton option pricing model, with the following assumptions – Risk-free interest rate of 0.74%; Dividend yield of \$Nil; Expected volatility of 100%; Expected life of 5.0 years.

### **Incentive Plan Awards**

#### ***Outstanding Share-Based Awards and Option-Based Awards***

The Plan was established to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation to achieve the longer-term objectives of the Corporation, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract to and retain in the employ of the Corporation, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The following is a summary of the material terms of the Plan and is qualified in its entirety by the full text of the Plan, which is attached hereto as Schedule "D":

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Plan shall not exceed 10% of the total number of issued and outstanding shares in the Corporation.
- Under the Plan, the aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the Corporation's issued and outstanding shares. The number of optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the Corporation's issued and outstanding shares. The aggregate number of optioned Common Shares granted to an optionee who is employed to provide investor relations' services must not exceed 2% of the Corporation's issued and outstanding Common Shares in any 12 month period.
- The exercise price for options granted under the Plan will not be less than the market price of the Corporation's Common Shares at the time of the grant, less applicable discounts permitted by the policies of the stock exchange on which the Common Shares are listed and posted for trading or a quotation system for a published market upon which the price of the Common Shares is quoted (the "**Market**"), as may be selected for such purpose by the Board of Directors.
- Options will be exercisable for a term of up to five years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to the Corporation.
- Options granted under the Plan are non-assignable, except by will or by the laws of descent and distribution.

As at December 31, 2017, there were no outstanding option-based awards or share-based awards for any of the NEOs, including awards granted before such date.

#### ***Incentive Plan Awards – Value Vested or Earned During the Year***

No option-based awards or share-based awards vested during the year ended December 31, 2017 and there was no non-equity incentive plan compensation earned during the year ended December 31, 2017.

### **Pension Plan Benefits**

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

### **Termination and Change of Control Benefits**

Pursuant to the terms of the Plan, if an optionee holds his or her option as director, employee or consultant of the Corporation and such optionee ceases to be a director, employee or consultant of the Corporation, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be a director, employee or consultant of the Corporation within a period which is the earlier of the normal expiry date of the option and 90 days following ceasing to be a director, employee or consultant of the Corporation and all unexercised options of the optionee will immediately terminate forthwith without further notice.

If an optionee engaged in investor relations activities ceases to be employed to perform investor relations activities, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be employed to perform investor relations activities within a period which is the earlier of the normal expiry date of the option and 30 days following ceasing to be employed to perform investor relations activities and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of the death of an optionee, any options which the optionee could have exercised immediately prior to death are exercisable by the executors or personal representatives of the optionee within the earlier of the normal expiry date of the option and 12 months after the optionee's death and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of a consolidation or merger in which the Corporation is not the surviving company, or in the event the Common Shares are converted into securities of another entity or exchanged for other consideration, or in the event of an offer for fifty percent or more of shares being made by a third party that constitutes a take-over bid as that term is defined in the *Securities Act* (British Columbia) or would constitute a take-over bid as that term is defined in the *Securities Act* (British Columbia) but for the fact that the offeree is not in British Columbia, the Board may make such arrangements as the Board deems appropriate for the exercise of outstanding options or continuance of outstanding options.

Other than the aforementioned agreements, there are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from the Corporation or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of the Corporation or any subsidiary thereof or any change in such Named Executive Officer's responsibilities, where the Named Executive Officer is entitled to payment or other benefits.

### Management Contracts

No management functions of the Corporation or any subsidiary of the Corporation are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

### Director Compensation

The Corporation has no standard arrangement pursuant to which directors are compensated by the Corporation for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Market. The following table sets forth compensation that was paid to any director of the Corporation for the director's services as a director during the financial year ended December 31, 2017. Relevant disclosure for Mr. Gusko has been provided in the Summary Compensation Table above.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Christine Mah <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Nigel Horsley <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jong Hyub Choi <sup>(3)</sup>	12,000	Nil	Nil	Nil	Nil	Nil	12,000
Yong Chul Kim <sup>(4)</sup>	12,000	Nil	Nil	Nil	Nil	Nil	12,000
Soo Rae Park <sup>(5)</sup>	12,000	Nil	Nil	Nil	Nil	Nil	12,000

**Notes:**

- (1) Ms. Mah was appointed as a director of the Corporation on May 4, 2017.
- (2) Mr. Horsley was appointed as a director of the Corporation on June 21, 2017.
- (3) Mr. J.H. Choi served as a director since August 8, 2014 and resigned on May 4, 2017.
- (4) Mr. Kim served as a director since December 11, 2015 and resigned on May 4, 2017.
- (5) Mr. Park served as a director since September 24, 2015 and resigned on May 4, 2017.

## Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

### *Incentive plan awards – Outstanding share-based awards and option-based awards*

As at December 31, 2017, there were no outstanding option-based awards or share-based awards for any of the directors, including awards granted before such date.

### *Incentive plan awards – value vested or earned during the year*

No option-based awards or share-based awards vested during the year ended December 31, 2017 and there was no non-equity incentive plan compensation earned during the year ended December 31, 2017.

## Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out information as at the end of the Corporation's most recently completed financial year with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	Nil	Nil	5,766,263 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	5,766,263

**Note:**

- (1) The Plan provides that the aggregate number of securities reserved for issuance under the Plan may not exceed 10% of the issued and outstanding shares of the Corporation at the time of granting of options. As at the Record Date, there were 57,662,633 Common Shares issued and outstanding and no outstanding options, with the result that 5,766,263 options were available to the Corporation to be granted.

## CORPORATE GOVERNANCE

The British Columbia Securities Commission has issued guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 (the "**Disclosure**"). The Disclosure addresses matters relating to constitution and independence of directors, the functions to be performed by the directors of a Corporation and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The Corporation's approach to corporate governance in the context of the specific Disclosure issues outlined in Form 58-101F2 is set out in the attached Schedule "B".

## AUDIT COMMITTEE

### *Audit Committee Charter*

The Charter of the Corporation's Audit Committee is attached to this Circular as Schedule "C".

### *Composition of the Audit Committee*

The following are the members of the Audit Committee:

Name	Independent	Financially literate <sup>(1)</sup>
Brian Gusko <sup>(2)</sup>	No	Yes
Christine Mah	Yes	Yes
Nigel Horsley	Yes	Yes

**Notes:**

- (1) As defined by NI 52-110.
- (2) Mr. Gusko is the CEO of the Corporation and therefore not independent pursuant to the provisions of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

***Education and Experience***

Each member of the Audit Committee brings unique education and experience relevant to the performance of their responsibilities and duties as an Audit Committee member. This includes, but is not limited to, an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of accounting principles in connection with the accounting for estimates, accruals and provisions; experience preparing, auditing, analyzing or evaluating financial statements covering a breadth and level of complexity relative to the Corporation or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

**Brian Gusko** – Mr. Gusko has extensive international business experience having worked for telecommunications and information technology firms in Canada, Japan, Holland, and South Africa. Mr. Gusko has served as CFO of several public companies and has extensive board and audit committee experience. He has a master's degree in business administration.

**Christine Mah** – Ms. Mah is an experienced professional with a marketing diploma from British Columbia Institute of Technology. Ms. Mah has spent 10 years working with reporting companies assisting with office management, office system implementation, book keeping and administration services. Her corporate experience has ranged from industries such as communications, technology, consumer goods and culinary. Ms. Mah has had experience relevant to audit committees by actively participating in the yearly audits of Evolving Gold Corp.

**Nigel Alexander Horsley** – Mr. Horsley has been working in the mining industry as an investor relations professional since 2006. He is currently the investor relations manager for IDM Mining Ltd. (TSXV) and Genesis Metals Corp. (TSXV), two public development stage gold mining companies.

***Audit Committee Oversight***

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

***Reliance on Certain Exemptions***

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on:

- (a) an exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- (b) an exemption in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
- (c) an exemption in Subsection 6.1.1(5) (*Events Outside Control of Member*);
- (d) an exemption in Subsection 6.1.1(6) (*Death, Incapacity or Resignation*); or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*).

***Pre-Approval Policies and Procedures***

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services as described below under the heading "External Auditors"; however, such engagement is within the mandate of the Audit Committee.

### ***External Auditor Service Fees (By Category)***

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2017	\$13,500	Nil	Nil	Nil
2016	\$13,500	Nil	Nil	Nil

### ***Exemption***

The Corporation is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 by virtue of the exemption contained in section 6.1 thereof.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **1. Financial Statements**

The audited financial statements of the Corporation for the year ended December 31, 2017 and the auditors' report thereon accompanying this Circular will be placed before the Shareholders at the Meeting for their consideration. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Computershare Investor Services. No formal action will be taken at the Meeting to approve the financial statements, which have been approved by the Board of Directors of the Corporation in accordance with applicable corporate and securities legislation. Any questions regarding the financial statements may be brought forward at the Meeting.

### **2. Fixing the Number of Directors**

At the Meeting, it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting of the Shareholders of the Corporation, or until the Change of Board Time (as defined herein) or until their successors are elected or appointed, as the case may be, subject to the notice of articles and articles of the Corporation, be set at three (3).

**Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote FOR setting the number of directors to be elected at the Meeting, for the period as stated above, at three (3).**

### **3. Election of Directors**

#### ***Nominees***

The persons named below are the nominees of management for election as directors. The term of office of each of the present directors expires at the Meeting, unless earlier vacated. The Board of Directors currently consists of three (3) members. Shareholder approval will be sought to nominate the persons listed below for election as directors. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting to serve until the next annual meeting of the Shareholders of the Corporation, or until the Change of Board Time (hereinafter defined), as the case may be, unless his or her office is earlier vacated. **All of the nominees are currently members of the Board of Directors of the Corporation.**

Approval of the election of directors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote FOR the election of the three (3) nominees as directors of the Corporation. Management of the Corporation has been informed that each of the proposed nominees is willing to serve as a director if elected.** In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors.

The following information concerning the proposed nominees has been furnished by each of them:

Name, Residence and Present Office Held	Principal Occupation or Employment	Director Since	Number of Common Shares Beneficially Owned or Controlled and percentage of total issued and outstanding <sup>(1)</sup>
Brian Gusko <sup>(2)</sup> Vancouver, B.C. Director & Chief Executive Officer	Partner of Howe and Bay Financial Corp., a consulting and advisory company and director and senior officer of private and public companies, including Tower One Wireless Corp. (CSE-listed), and Lomiko Metals Inc. (TSXV-listed).	May 4, 2017	1,353,000  2.3%
Christine Mah <sup>(2)(3)</sup> Vancouver, B.C. Director	Director of companies including Orca Touchscreen Technologies Ltd. and Crop Infrastructure Corp. (CSE-listed).	May 4, 2017	Nil  0%
Nigel Horsley <sup>(2)(3)</sup> Vancouver, B.C. Director	Investor relations professional since 2006. He is currently the investor relations manager for IDM Mining Ltd. (TSXV-listed) and Genesis Metals Corp. (TSXV-listed).	June 21, 2017	Nil  0%

**Notes:**

- (1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Common Shares. As of the date of this Circular there are 57,662,633 Common Shares issued and outstanding.
- (2) Member of the Audit Committee.
- (3) Ms. Mah and Mr. Horsley are considered independent pursuant to the provisions of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

*Corporate Cease Trade Orders or Bankruptcies*

No director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any other corporation that, while such person was acting in that capacity:

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

No director or proposed director of the Corporation is, or has been within the past ten years, a director or executive officer of any other corporation that, while such person was acting in that capacity, or within a year of that individual 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.

*Individual Bankruptcies*

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### *Penalties or Sanctions*

No director or proposed director of the Corporation 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. No director or proposed director of the Corporation has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### *Conflicts of Interest*

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Business Corporations Act* (British Columbia) (the "Act").

#### **4. Fixing the Number of Directors to be Elected Following the Transaction with CCC**

It is desirable, in connection with the Transaction (as defined herein), to elect four (4) directors to serve from the Change of Board Time (hereinafter defined) until the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed, subject to the notice of articles and articles of the Corporation. Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution fixing the number of directors of the Corporation to be elected following the Change of Board Time at four (4).

**Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote FOR setting the number of directors to be elected at the Meeting, for the period as stated above, at four (4).**

#### **5. Election of Directors to Serve Following the Transaction with CCC**

It is desirable, in connection with the Transaction (as defined herein), to elect four (4) Directors to serve from the closing of the Transaction (the "**Change of Board Time**") until the close of the next annual meeting of Shareholders or until their successors are elected or appointed (the "**New Slate**").

Further, it is a condition to the completion of the Transaction, among others, that the New Slate, comprised of four (4) individuals, be elected to hold office, effective at the Change of Board Time, as Directors of the Corporation. Should the Transaction not be completed for any reason, the Directors elected at the Meeting will hold office until the next annual meeting of the Shareholders of the Corporation or until their successors are elected or appointed.

Approval of the election of the New Slate will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting.

Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution, the text of which is as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the election of each of George Smitherman, Brett James, Mark Lievonen and Khurram Malik, as Directors of the Corporation, to hold office from the Change of Board Time, as defined in the management information circular of the Corporation dated May 28, 2018, until the close of the next annual meeting of the Shareholders or until their successors are elected or appointed, is hereby approved."

**Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote FOR the election of the New Slate, as directors of the Corporation to hold office from the Change of**



**Board Time until the close of the next annual meeting of Shareholders or until their successors are elected or appointed. The Corporation does not contemplate that any of the nominees in respect of the New Slate will be unable to serve as Directors from and after the Change of Board Time; however, if for any reason any of the proposed nominees in respect of the New Slate do not stand for election or are unable to serve as such, proxies held by the persons designated as proxyholders in the accompanying proxy will be voted in favour of another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of the New Slate.**

Each Director elected as a New Slate Director will hold office from the Change of Board Time until the close of the next annual meeting of Shareholders or until their successors are elected or appointed, as the case may be, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer (as defined herein) or the provisions of the Act.

See Schedule "A" to this Circular for detailed information and disclosure concerning the directors for nomination to the New Slate and the Transaction.

#### **6. Appointment of Auditors**

At the Meeting, Shareholders will be asked to vote for the re-appointment of **Manning Elliott LLP, Chartered Professional Accountants** as the auditors of the Corporation, to hold office until the next annual general meeting of the Shareholders, or until their successors are duly appointed, and to authorize the Board to fix their remuneration. Manning Elliott, Chartered Professional Accountants have been the Corporation's auditors since April 24, 2017.

**Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote FOR the re-appointment of Manning Elliott, Chartered Professional Accountants as the Corporation's auditors until the next annual general meeting of Shareholders at remuneration to be fixed by the Board.**

#### **7. Ratification and Approval of Stock Option Plan**

For a summary of the Plan, please refer to the section herein entitled "*Incentive Plan Awards*" or refer to Schedule "D" hereto where the text of the Plan is attached in its entirety.

While many of the amendments to the Plan are largely of a housekeeping nature and were made to clarify certain terms and provisions of the Plan, amendments were made to add a termination provision and to specify certain amendments that may be made by the Board without Shareholder approval and certain amendments to the Plan that require approval by Shareholders. In light of the amendments made to the Plan and pursuant to applicable securities regulatory authorities and stock exchange policies, Shareholders will be asked at the Meeting to approve the amended and restated Plan the full text of which is set forth in Schedule "D" attached hereto.

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote FOR the resolution to ratify, adopt and approve the Plan.**

The text of the ordinary resolution regarding this matter is as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan (the "**Plan**") of the Corporation, as described in the management information circular of the Corporation dated May 28, 2018, as may be amended by the board of directors as required by applicable securities regulatory authorities or stock exchanges, is hereby ratified, adopted and approved;
2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and

4. any one director or officer of the Corporation is authorized, on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution."

## **8. Creation of Class B Preferred Shares and Special Class C Shares**

At the Meeting, the Shareholders of the Corporation will be asked to consider and, if thought advisable, to pass an ordinary resolution to approve the amendments to the Corporation's Notice of Articles to create two (2) new classes of shares designated as the "Special Class C Shares" and "Class B Preferred Shares" (collectively, the "**New Shares**") in the form presented in Article 28 of the Proposed Articles attached hereto as Schedule "E".

The Corporation's Articles currently require that the creation of any new class of shares must be approved by the Corporation's shareholders by an ordinary resolution.

### *Summary of Special Class C Share Terms*

The Corporation is authorized to issue one (1) Special Class C Share. The Special Class C Shares may, upon notice to the Corporation, be converted into fully paid and non-assessable Common Shares upon receipt by Highland Grow Inc. of a sales license granted under Canada's Access to Cannabis for Medical Purposes Regulations ("ACMPR"), such number of Common Shares to be issued to the holder of a Special Class C Share at the time of conversion being determined by dividing \$3,050,000.00 by the price per Common Share paid by an arm's length party at the most recently completed subscription or capital raise by the Corporation provided the Corporation has completed a subscription or capital raise within a six-month period preceding the proposed conversion date, failing which, the price per Common Share shall be such value as is agreed between the Board and the holder of such Special Class C Share.

The holder of a Special Class C Share is not entitled to receive notice of, to attend or vote at any meeting of the shareholders of the Corporation, unless such business being transacted is solely and directly affecting the existence, rights and obligations of such Special Class C Share, in which case, the holder of the Special Class C Share shall be entitled to one vote in respect of each Special Class C Share held. The rights of the holder of the Special Class C Share may only be modified, amended or varied upon the approval by the holder of the Special Class C Share in addition to any other approval or approvals required by the Act and the approval of holders of not less than two-thirds of the issued and outstanding Common Shares, except where no Special Class C Share is issued and outstanding, in which case, modification, amendment or variation shall only require the approval of the holders of not less than two-thirds of the issued and outstanding Common Shares in addition to any other approval or approvals required by the Act.

The Special Class C Share does not have any (i) dividend rights, (ii) rights upon dissolution or winding-up, (iii) preemptive rights, (iv) redemption, retraction, purchase for cancellation, surrender or sinking or purchase fund provisions, (vii) provisions permitting or restricting the issuance of additional securities or other material restrictions, or (viii) provisions requiring a security holder to contribute additional capital. Reference should be made to the full text of the terms and conditions attaching to the Special Class C Share as set out in Schedule "E" hereto.

### *Summary of Class B Preferred Share Terms*

The Class B Preferred Shares will be issuable, in one or more series, in accordance with and subject to the provisions of the Act, and the Board will be authorized to fix the number of shares of each series, and to determine the designation, rights, privileges, restrictions and conditions attaching to each series, including dividend rates, redemption prices, conversion rights and other matters. The Class B Preferred Shares will have priority over the Common Shares and any other shares of the Corporation ranking junior to the Class B Preferred Shares with respect to the payment of dividends and in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs. Reference should be made to the full text of the terms and conditions attaching to the Class B Preferred Shares as set out in Schedule "E" hereto.

The text of the resolution to be voted on with respect of the foregoing is as follows. In order to be passed, a majority of the votes cast at the Meeting or in person or by proxy must be voted in favour of the resolution. **Unless otherwise directed, the persons named in the enclosed Proxy intend to vote FOR such resolution:**

"BE IT RESOLVED as an ordinary resolution that:

1. the amendment to the Corporation's Notice of Articles to create two (2) new classes of shares designated as "Special Class C Shares" and "Class B Preferred Shares", in the form presented in Article 28 of the Proposed Articles attached as Schedule "E" to the management information circular of the Corporation dated May 28, 2018, be, and are hereby, authorized and approved;
2. the Proposed Articles will not be adopted by the Corporation until the information on the Corporation's Notice of Articles is amended as required;
3. the board of directors of the Corporation is hereby authorized, in its sole discretion and without further approval of the shareholders, to revoke or rescind these resolutions before they are acted on; and
4. any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver all such documents and instruments, and to do all such other things and take such other actions as may be necessary or desirable to give effect to these resolutions."

If the shareholders approve the ordinary resolution to create the New Shares and the Corporation's Notice of Articles are amended as required, no further shareholder approval will be required, subject to applicable securities laws and stock exchange policies, to issue the New Shares if and when the Board decides to issue the New Shares pursuant to the Transaction.

**The Board recommends you vote for this ordinary resolution. Unless instructed otherwise, the persons named in the enclosed proxy intend to vote for the ordinary resolution authorizing the amendment to the Corporation's Notice of Articles to create the New Shares.**

## **9. Transaction with CCC**

On April 25, 2018 the Corporation entered into an arm's length amalgamation agreement (the "**Definitive Agreement**") with CCC and 1151856 B.C. Ltd. ("**Subco**"), a wholly-owned subsidiary of the Corporation, pursuant to which Subco will acquire all of the issued and outstanding securities of CCC by way of a three-cornered amalgamation transaction (the "**Transaction**"). In connection with the Transaction it is intended that the Corporation will be re-named "Biome Grow Inc." or such other name as the parties may reasonably agree upon and as is acceptable to the CSE (as defined herein) and the corporate registrar (the "**Resulting Issuer**").

CCC wholly owns Highland Grow Inc. (formerly named THC Dispensaries Canada Inc.), an Authorized Licensed Producer in Nova Scotia under ACMPR, P-209 Inc., a company incorporated under the laws of the Province of Ontario and in the late stages of applying for a license under the ACMPR and The Back Home Medical Cannabis Corporation, a company incorporated under the laws of the Province of Newfoundland and Labrador and in the late stages of applying for a license under the ACMPR. The Resulting Issuer plans on operating a diversified mix of low cost licensed cannabis production facilities across Canada and other jurisdictions in the coming years. Additional growth will be achieved through a mixture of acquisitions and organic growth. Moreover, the Resulting Issuer will integrate a complimentary platform of technologies and services targeted at both the Canadian and international cannabis markets.

Pursuant to the Definitive Agreement, the Corporation will indirectly acquire all of the issued and outstanding common shares and special class C shares in the capital of CCC ("**CCC Shares**") and securities of CCC convertible into CCC Shares in exchange for Common Shares (the "**Payment Shares**") and Special Class C Shares, each as applicable, in the capital of the Corporation pursuant to an exchange ratio of five (5) Payment Shares for each CCC common share and one (1) Special Class C Share of the Corporation for each special class C share of CCC (collectively, the "**Exchange Ratio**"). In addition, all of the outstanding common share purchase warrants of CCC will be exchanged for common share purchase warrants of the Corporation based on the Exchange Ratio.

Prior to closing of the Transaction and subject to the rules of the CSE, the Corporation will complete a consolidation of its common shares on the basis of one (1) new common share in the capital of the Corporation for not more than fifty (50) old common shares (the "**Consolidation**"). Upon completion of the Transaction and issuance of the Payment Shares and Special Class C Shares of the Corporation to CCC Shareholders in accordance with the Exchange Ratio, shareholders of CCC will own a controlling interest in the issued and outstanding shares in the capital of the Resulting Issuer.

The Transaction is conditional upon, among other things:

- (i) the parties will have received all necessary regulatory and third-party consents, approvals and authorizations as may be required in respect of the Transaction, including, but not limited to, acceptance of the Transaction by the CSE;
- (ii) completion of all matters, and the satisfaction of all conditions (unless waived in writing by the applicable party), under the Definitive Agreement and any applicable transactional agreements, required to be completed or satisfied on or before closing of the Transaction;
- (iii) the shareholders of each of the Corporation and CCC will have approved the Transaction and any and all matters in connection therewith pursuant to applicable laws and the rules and policies of the CSE; and
- (iv) completion by the Corporation of the Consolidation, if any, and any additional reorganizational transactions that may be agreed upon between the parties acting reasonably and necessary in furtherance of the Transaction.

Upon completion of the Transaction the Resulting Issuer will carry on the business currently conducted by CCC and will cease to carry on the business currently being conducted by the Corporation. It is also intended that concurrent with the closing of the Transaction, the board of directors of the Corporation will be reconstituted.

The Transaction represents a change of business for the Corporation and constitutes a "Fundamental Change" under Policy 8 of the Canadian Securities Exchange (the "**CSE**") and is therefore subject to approval by a majority of the votes cast by Shareholders eligible to vote on the resolution at the Meeting and CSE approval. The Corporation has submitted a listing statement (Form 2A) in respect of the proposed Transaction to the CSE for review and completion of the Fundamental Change and the Transaction remains subject to receipt of CSE approval. Upon receipt of both CSE and Shareholder approval of the Transaction, the Corporation proposes to change its name to "Biome Grow Inc." or such other name as may be determined by CCC, subject to applicable regulatory approval, and to carry on the business of CCC.

**For ease of reference, disclosure of the details of the Transaction are provided in Schedule "A" to this Circular.**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve and authorize the following resolutions in respect of the Transaction (the "**Transaction Resolution**"):

"BE IT RESOLVED THAT:

1. the three-cornered amalgamation transaction (the "**Transaction**") among the Corporation, 1151856 B.C. Ltd. ("**Subco**") and Cultivator Catalyst Corp. ("**CCC**"), as described in the management information circular of the Corporation dated May 28, 2018 (the "**Circular**") (as the Transaction may be modified, supplemented or amended), is hereby authorized, approved and adopted;
2. the amalgamation agreement (the "**Amalgamation Agreement**") among the Corporation, Subco, and CCC dated April 25, 2018, the actions of the directors of the Corporation in approving the Transaction, and the actions of the officers of the Corporation in executing and delivering the Amalgamation Agreement and any amendments thereto, are hereby ratified and approved;

3. notwithstanding that this resolution has been passed (and the Transaction adopted) by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered, without further notice to, or approval of, the shareholders of the Corporation:
  - (a) to amend the Amalgamation Agreement or the Transaction to the extent permitted by the Amalgamation Agreement; or
  - (b) subject to the terms of the Amalgamation Agreement, not to proceed with the Amalgamation;
4. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute, whether under corporate seal of the Corporation or otherwise, and to deliver such documents as are necessary or desirable to give effect to the Transaction; and
5. any one director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the Amalgamation Agreement, including:
  - (a) all actions required to be taken by or on behalf of the Corporation, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
  - (b) the signing of the certificates, consents and other documents or declarations required under the Amalgamation Agreement or otherwise to be entered into by the Corporation."

The Board of Directors unanimously determined that the Transaction is fair to Shareholders, is in the best interests of the Corporation and the Shareholders and authorized the submission of the Transaction to Shareholders for approval.

**The Board of Directors has unanimously approved the Transaction and recommends that Shareholders vote FOR the Transaction Resolution. In order to be effective, the Transaction Resolution requires approval of a majority of the eligible votes cast in respect thereof in person or by proxy at the Meeting. The Named Proxyholders, if appointed as proxies, intend to vote FOR the Transaction Resolution. It is a condition to completion of the Transaction that the Transaction Resolution receives Shareholder approval.**

#### **10. Other Matters to Be Acted Upon**

As of the date of this Circular, management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying proxy will be voted on such matters in the best judgment of the person or persons voting the proxy.

#### **OTHER INFORMATION**

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

The registrar and transfer agent of the Corporation is Computershare Investor Services Inc., 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia V6C 3B9.

##### **Indebtedness of Directors and Executive Officers**

None of the directors and officers of the Corporation, any proposed management nominee for election as a director of the Corporation or any associate of any director, officer or proposed management nominee is or has been indebted to the Corporation at any time during the last completed financial year.

### **Interest of Informed Persons in Material Transactions**

Except as disclosed in this Circular or the Schedules hereto, none of the informed persons of the Corporation (as defined in National Instrument 51-102), nor any of the Corporation's principal holders of Common Shares, directors, senior officers, or any associate or affiliate of the foregoing persons, have any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which, in either case, has or will materially affect the Corporation.

### **Interests of Certain Persons in Matters to be Acted Upon**

Except as disclosed in this Circular or the Schedules hereto, none of the Corporation's principal holders of Common Shares, directors, senior officers, or any associate or affiliate of the foregoing persons, have any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

Other than in their capacity as Shareholders or as described above or elsewhere in this Circular, none of the Corporation's principal holders of Common Shares, directors, senior officers, or any associate or affiliate of the foregoing are expected to benefit from the Transaction upon completion of the Transaction.

### **Additional Information**

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com). Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation for its most recently completed financial year which can also be accessed at [www.sedar.com](http://www.sedar.com) or which may be obtained upon request from the Corporation at 600-535 Howe Street, Vancouver, B.C. V6C 2Z7.

### **BOARD APPROVAL**

The contents and sending of this Information Circular to the Shareholders of the Corporation have been approved by the Board of Directors.

**DATED** at Vancouver, British Columbia as of the 28<sup>th</sup> day of May, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Brian Gusko"*

President & Chief Executive Officer

**SCHEDULE "A"**

**INFORMATION PERTAINING TO THE CORPORATION'S  
PROPOSED TRANSACTION WITH CCC**

*All capitalized terms used in this Schedule "A" and not defined in this Schedule "A" shall have the meaning given to them in the Management Information Circular to which this Schedule "A" is attached (the "Circular")*

*Unless otherwise stated, all information included herein is as at May 28, 2018. Such information is subject to change and such changes may be material. In particular, and without limitation, all information concerning the Resulting Issuer is forward-looking by its nature and undue reliance should not be placed on such information as such information may change and such changes may be material. See “Forward-Looking Statements” herein.*

*Neither the Canadian Securities Exchange nor any securities regulatory authority has in any way passed upon the merits of the Acquisition described herein.*

All information contained herein with respect to Orca was supplied by Orca and not independently verified by CCC for inclusion herein.

All information contained herein with respect to CCC was supplied by CCC and not independently verified by Orca for inclusion herein.

## GLOSSARY

*The following is a glossary of certain general terms used herein, including the summary hereof. Terms and abbreviations used in the financial statements attached as appendices hereto are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Unless otherwise indicated, all currency references are to Canadian dollars.*

“**2018 Share Issuances**” means those CCC Common Shares issued subsequent to December 31, 2017 but, unless expressly stated otherwise, does not include the Private Placement;

“**Advisory Fee**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Executive Compensation*”;

“**ACMPR**” means the *Access to Cannabis for Medical Purposes Regulations* (Canada) issued pursuant to the CDSA;

“**Acquisition**” means the reverse takeover of Orca by CCC by way of the Amalgamation;

“**Affiliate**” means a Company that is affiliated with another Company as described below:

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person; or



(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

**“Amalgamation”** means the amalgamation of CCC and Orca Sub pursuant to the provisions of the BCBCA in accordance with the terms of the Amalgamation Agreement;

**“Amalgamation Agreement”** means the amalgamation agreement dated as of April 25, 2018 between CCC, Orca and Orca Sub, pursuant to which the Amalgamation will be effected;

**“Arrangement”** has the meaning ascribed thereto in *“Part I – Information Concerning Orca – General Development of Business”*;

**“Articles of Amalgamation”** means the articles of amalgamation of the corporation resulting from the Amalgamation and included behind Appendix B of the Amalgamation Agreement;

**“Associate”** when used to indicate a relationship with a person or Company, means

- (a) any Company of which the person or Company beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all the voting securities of the Company for the time being outstanding;
- (b) any partner of the person or Company;
- (c) any trust or estate in which the person or Company has a substantial beneficial interest or as to which such person or Company serves as trustee or in a similar capacity;
- (d) in the case of a person, a relative of that person who resides in the same home as that person,
- (e) in the case of a person, any person who resides in the same home as that person and to whom that person is married or with whom that person is living in a conjugal relationship outside marriage, or
- (f) in the case of a person, any relative of a person mentioned in clause (e) who has the same home as that person;

**“Available Funds”** means the estimated working capital (total current assets less total current liabilities) which will be available to the Resulting Issuer (including the working capital of each of Orca and CCC), as at the most recent month end preceding the date of the Listing Statement, after giving effect to the Acquisition;

**“Back Home”** has the meaning ascribed thereto in *“Part II – Information Concerning CCC – General Development of Business”*;

**“Back Home Application”** has the meaning ascribed thereto in *“Part II – Information Concerning CCC – Narrative Description of Business”*;

**“BCBCA”** means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended;

**“Board”** means the board of directors of Orca or the Resulting Issuer, as the context requires;

**“Cannabis Act”** means *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*;

“**CBD**” means cannabidiol, an active cannabinoid identified in cannabis which is considered to have therapeutic applications;

“**CCC**” means Cultivator Catalyst Corp., a corporation existing under the laws of the Province of Ontario prior to the completion of the CCC Continuance and a corporation existing under the laws of the Province of British Columbia after completion of the CCC Continuance, as the context may require;

“**CCC Amalgamation Resolution**” means the special resolution of CCC Shareholders in respect of the Amalgamation and the Amalgamation Agreement, to be considered by the CCC Shareholders at the CCC Meeting;

“**CCC Common Shares**” means common shares in the capital of CCC;

“**CCC Continuance**” means the continuance of CCC out of the Province of Ontario and into the Province of British Columbia in order to facilitate the Amalgamation;

“**CCC Continuance Resolution**” means the special resolution of CCC Shareholders in respect of the CCC Continuance, to be considered by the CCC Shareholders at the CCC Meeting;

“**CCC Financial Statements**” means the audited financial statements of CCC for the year ended December 31, 2017, which are attached as Appendix “I”;

“**CCC MD&A**” means the Management’s Discussion and Analysis of the Financial Condition and Results of Operations of CCC for the year ended December 31, 2017, which is attached as Appendix “I”;

“**CCC Meeting**” means the special meeting of the CCC Shareholders to be held on or about June 27, 2018 to approve, among other things, the CCC Meeting Matters;

“**CCC Meeting Matters**” means the special resolutions of CCC Shareholders in respect of (i) the CCC Continuance Resolution; (ii) the CCC Amalgamation Resolution; and (iii) such other matters that may be reasonably required in order to give effect to the Acquisition as are deemed appropriate by the board of directors of CCC;

“**CCC Named Executive Officers**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Executive Compensation*”;

“**CCC Nominees**” has the meaning ascribed thereto in “*Part III – Information Concerning the Resulting Issuer – Directors and Officers*”;

“**CCC Shareholders**” means the holders of CCC Shares;

“**CCC Shares**” means CCC Common Shares and CCC Special Class C Shares;

“**CCC Special Class A Redemption Price**” has the meaning ascribed thereto in “*Part II – Description of the Securities – CCC Special Class A Shares*”;

“**CCC Special Class A Shares**” means special class A shares in the capital of CCC;

“**CCC Special Class B Shares**” means special class B shares in the capital of CCC;

“**CCC Special Class C Shares**” means special class C shares in the capital of CCC;

“**CCC Warrants**” means the common share purchase warrants of CCC entitling the holders thereof to purchase one CCC Common Share for each whole CCC Warrant;

“**CDSA**” means the *Controlled Drugs and Substances Act*;

“**CEO**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Executive Compensation*”;

“**Closing**” means the closing of the Acquisition;

“**Common Share**” means a common share in the capital of the Resulting Issuer;

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Control Person**” means, any person or Company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**CSE**” or “**Exchange**” means the Canadian Securities Exchange;

“**Echelon**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Description of the Securities*”;

“**Escrow Agent**” means the escrow agent appointed by CCC to act as escrow agent for the Common Shares to be held in escrow pursuant to the policies of the Exchange;

“**Escrow Agreement**” means the escrow agreement to be entered into in connection with the closing of the Acquisition between the Resulting Issuer, the Escrow Agent and certain shareholders of the Resulting Issuer, as more particularly described in herein;

“**Exchange Shares**” has the meaning ascribed thereto in “*Part I – Information Concerning Orca – General Development of Business*”;

“**Facilities**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Narrative Description of Business*”;

“**Final Exchange Bulletin**” means the CSE Bulletin which is issued following closing of the Acquisition and the submission of all required documentation and that evidences the final acceptance by the CSE of the Acquisition;

“**Gorilla**” has the meaning ascribed thereto in “*Part I – Information Concerning Orca – General Development of Business*”;

“**Highland Grow**” means Highland Grow Inc., (formerly THC Dispensaries Canada Inc.) a wholly-owned subsidiary of CCC;

“**Highland Grow Financial Statements**” means the audited financial statements of Highland Grow for the years ended December 31, 2017 and December 31, 2016, which are attached as Appendix “I”;

“**Highland Grow Licence**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Narrative Description of the Business*”;

“**Highland Grow MD&A**” means the management’s discussion and analysis of Highland Grow for the year ended December 31, 2017 which is attached as Appendix “I”;

“**IFRS**” means International Financial Reporting Standards, the collection of financial reporting standards issued by the International Accounting Standards Board, as adopted by the Accounting Standards Board of Canada at the relevant time;

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the issuer that is an Insider or subsidiary of issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of an issuer;  
or
- (d) the issuer itself if it holds any of its own securities;

“**JCM**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Executive Compensation*”;

“**Letter of Intent**” or “**LOI**” means the letter of intent between Orca and CCC dated December 1, 2017, as amended on January 30, 2018, February 13, 2018, February 27, 2018, March 14, 2018, March 28, 2018 and April 12, 2018;

“**Licensed Producers**” means the holder of a licence issued under Section 35 of the ACMPR or any similar licence issued under predecessor legislation;

“**Listing Statement**” means the Listing Statement of Orca prepared pursuant to the policies of, and submitted to, the Exchange in connection with the Acquisition, together with all schedules attached thereto and including the summary thereof;

“**MacMaster Employment Agreement**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Options to Purchase Securities*”;

“**Marksman**” has the meaning ascribed thereto in “*Part I – Information Concerning Orca – Promoter*”;

“**Newfoundland Facility**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Narrative Description of Business*”;

“**Nova Scotia Facility**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Narrative Description of Business*”;

“**OBCA**” means the *Business Corporations Act* (Ontario), including the regulations promulgated thereunder, as amended;

“**Option Shares**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Options to Purchase Securities*”;

“**Ontario Facility**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Narrative Description of Business*”;

“**Orca**” means Orca Touchscreen Technologies Ltd., a corporation existing under the laws of the Province of British Columbia prior to the completion of the Acquisition;

“**Orca Financial Statements**” means the audited financial statements of Orca for the years ended December 31, 2017, 2016 and 2015, which are available under Orca’s SEDAR profile at [www.sedar.com](http://www.sedar.com);

**“Orca Fundamental Change Resolution”** means the resolution of Orca Shareholders in respect of the Amalgamation and the Amalgamation Agreement, to be considered by the Orca Shareholders at the Orca Meeting;

**“Orca MD&A”** means the Management’s Discussion and Analysis of the Financial Condition and Results of Operations of Orca for the year ended December 31, 2017, which are available under Orca’s SEDAR profile at [www.sedar.com](http://www.sedar.com);

**“Orca Meeting”** means the annual and special meeting of Orca Shareholders to be held on or about June 27, 2018 to approve, among other things, the Orca Meeting Matters;

**“Orca Meeting Matters”** means the following matters to be considered by and if acceptable approved by shareholders of Orca at the Orca Meeting: (i) to fix the number and to elect the directors of Orca for the ensuing year; (ii) to appoint of the auditors of Orca for the ensuing year; (iii) to fix the number and to elect the proposed directors of the Resulting Issuer; (iv) to approve the amended and restated stock option plan of Orca; (v) to approve the Orca Special Share Resolution; (vi) to approve the Orca Fundamental Change Resolution; and (viii) such other matters that may be reasonably required in order to give effect to the Acquisition as are deemed appropriate by the Board and acceptable to CCC, acting reasonably;

**“Orca Mobile”** has the meaning ascribed thereto in “Summary of the Listing Statement – The Companies”;

**“Orca Options”** means options to purchase Orca Shares;

**“Orca Share Consolidation”** means the consolidation of the Orca Shares and the Orca Warrants, each as applicable, on the basis of one (1) post-consolidation Orca Share for every fifty (50) pre-consolidation Orca Shares and one (1) post-consolidation Orca Warrant for every fifty (50) pre-consolidation Orca Warrants, to be completed by Orca prior to the completion of the Amalgamation;

**“Orca Shares”** means common shares in the capital of Orca;

**“Orca Shareholders”** means the holders of Orca Shares;

**“Orca Special Share Resolution”** means the special resolution of Orca Shareholders to create the Orca Special Shares, to be considered by the Orca Shareholders at the Orca Meeting;

**“Orca Special Shares”** means the class B preferred shares and special class C shares in the capital of Orca which shall have the rights, privileges and restrictions attached thereto as described in Schedule “E” of the Circular;

**“Orca Sub”** means 1151856 B.C. Ltd. incorporated under the laws of the Province of British Columbia and a wholly owned subsidiary of Orca;

**“Orca Warrants”** means common share purchase warrants to acquire Orca Shares;

**“Outside Date”** means August 31, 2018, or such other date as may be agreed to by the parties;

**“P-209”** has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Corporate Structure*”;

**“P-209 Application”** has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Narrative Description of Business*”;

**“parties”** means CCC, Orca, Orca Sub and the Resulting Issuer, as applicable and **“party”** means any one of them;

“**person**” means a Company or individual;

“**Private Placement**” has the meaning ascribed thereto in “*Part II – Information Concerning CCC – Description of the Securities*”;

“**Purchase Shares**” has the meaning ascribed thereto in “*Part I – Information Concerning Orca – General Development of Business*”;

“**Pro Forma Financial Statements**” means the unaudited pro forma statement of financial position for the Resulting Issuer as at December 31, 2017 to give effect to the Acquisition as if it had taken place as of December 31, 2017, which is attached as Appendix “II”;

“**Resulting Issuer**” means Orca (proposed to be named “Biome Grow Inc.”) following completion of the Acquisition and the issuance of the Final Exchange Bulletin;

“**Sollensys**” has the meaning ascribed thereto in “*Part I – Information Concerning Orca – General Development of Business*”;

“**Sollen-Mobile**” has the meaning ascribed thereto in “*Part I – Information Concerning Orca – General Development of Business*”;

“**subsidiary**” includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity; and

“**THC**” means tetrahydrocannabinol.

## FORWARD-LOOKING STATEMENTS

This Schedule “A” contains forward-looking statements that relate to Orca and CCC’s current expectations and views of future events. The forward-looking statements are contained principally in the sections titled “Summary of Listing Statement” and “Information Concerning the Resulting Issuer”.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “believe”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues”, “plan”, “believe”, “aim”, “seek” or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Orca and CCC have based these forward-looking statements on their current expectations and projections about future events and financial trends that they believe may affect Orca, CCC and the Resulting Issuer’s financial condition, results of operations, business strategy and financial needs, as the case may be.

Forward-looking statements relating to CCC and the Resulting Issuer include, among other things, statements relating to:

- expectations regarding its revenue, expenses and operations;
- anticipated cash needs and its needs for additional financing;
- build-out of the Facilities and the respective costs and timing associated therewith and the intention of CCC to seek to obtain amendments to the Highland Grow Licence to permit sales of cannabis-based products under such licence;
- expectations regarding available funds upon completion of the Acquisition and principal purposes of such funds;
- market competition and agricultural advances of competitive products;
- expectations regarding the timing for availability of products and acceptance of products by the market;
- expectations regarding the progress and the successful and timely completion of the various stages of the licensing process;
- plans to market, sell and distribute its products;
- ability to attract and retain personnel;
- expected timing and completion of CCC’s near-term objectives;
- the legalization of the use of cannabis for adult-use in Canada, including federal and provincial regulations pertaining thereto and the timing related thereof and our intentions to participate in such market, if and when legalized;
- competitive position and its expectations regarding competition;
- strategy with respect to the protection of its intellectual property;
- anticipated trends and challenges in CCC’s business and the markets in which it operates;
- the completion of the Private Placement;
- listing of the Common Shares on the Exchange;
- the completion of the Acquisition; and
- the terms on which the Acquisition is intended to be completed.

Forward-looking statements relating to Orca include, among other things, statements relating to:

- the completion of the Acquisition; and
- the terms on which the Acquisition is intended to be completed.

Forward-looking statements are based on certain assumptions and analysis made by Orca and CCC in light of their experience and perception of historical trends, current conditions and expected future developments and other factors they believe are appropriate, and are subject to risks and uncertainties. Such assumptions include, among others, those relating to general economic conditions, the legislative and regulatory environment, the impact of increasing competition, the ability to obtain regulatory and

shareholder approvals. Although Orca and CCC believe that the assumptions underlying the forward-looking statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders should not place undue reliance on these forward-looking statements.

Whether actual results, performance or achievements will conform to Orca or CCC's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Part IV – Risk Factors*", which include:

#### Business risks

- reliance on licenses
- regulatory compliance
- legislation changes
- effects of medical cannabis
- reliance on facilities
- industry risks
- competition risks
- risks related to key persons
- risks inherent in an agricultural business
- reliance on local provincial regulators
- factors which may prevent realization of growth targets
- limited operating history
- risks related to additional financing
- vulnerability to rising energy costs
- transportation disruptions
- unfavorable publicity or consumer perception
- product liability
- product recalls
- reliance on key inputs
- difficulty to forecast
- operating risk and insurance coverage
- risks related to being a holding company
- risks related to acquisitions and integration
- legal proceedings

#### Financial and accounting risks

- access to capital
- estimates or judgments relating to critical accounting policies
- tax risks

#### Risks related to the Common Shares and completion of the Acquisition

- market for Common Shares
- reporting issuer status
- significant sales of Common Shares
- analyst coverage
- completion of the Acquisition is subject to conditions precedent
- termination of the Amalgamation Agreement
- potential undisclosed liabilities associated with the Acquisition

The above risks, uncertainties, assumptions and other factors could cause Orca, CCC and the Resulting Issuer's actual results, performance, achievements and experience to differ materially from Orca and CCC's expectations, future results, performances or achievements expressed or implied by the forward-looking statements.



The forward-looking statements made herein relate only to events or information as of the date on which the statements are made. Except as required by law, Orca, CCC and the Resulting Issuer undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

An investor should read the Circular and all schedules attached thereto including this Schedule "A" with the understanding that Orca, CCC and the Resulting Issuer's actual future results may be materially different from what is expected.

## **INFORMATION PERTAINING TO CCC**

The information contained or referred to herein with respect to CCC and the industry in which it operates has been provided by the management of CCC and is the responsibility of CCC. Management of Orca has relied upon CCC for the accuracy of the information provided by CCC without independent verification.

## **NOTICE TO INVESTORS**

### **Currency Presentation**

Unless otherwise specified, all dollar amounts referenced herein and in the financial statements of Orca and CCC and the pro forma financial statements of the Resulting Issuer are in Canadian dollars and referred to as "\$".

### **Financial Statement Information**

The unaudited Pro Forma Financial Statements have been prepared on the basis of presentation as described in note 2 of the Pro Forma Financial Statements and are denominated in Canadian dollars.

The audited CCC Financial Statements have been prepared in accordance with IFRS and are denominated in Canadian dollars.

The audited Highland Grow Financial Statements have been prepared in accordance with IFRS and are denominated in Canadian dollars.

## **REGULATORY OVERVIEW**

### **The ACMPR**

The ACMPR are the current governing regulations regarding the production, sale and distribution of cannabis and cannabis oil extracts for medical purposes in Canada. The ACMPR provide for three possible avenues for Canadian residents who have been authorized by their health care practitioner to access cannabis for medical purposes:

- they can access quality-controlled cannabis by registering with Licensed Producers;
- they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes (starting materials must be obtained from a Licensed Producer); or
- they can designate someone else who is registered with Health Canada to produce cannabis on their behalf (starting materials must be obtained from a Licensed Producer).

In administering the ACMPR, Health Canada has two main roles:

- licensing and overseeing the commercial industry; and

- registering and overseeing individuals who produce a limited amount of cannabis for their own medical purposes (or to have another individual produce it on their behalf).

The ACMPR sets out, among other things, the authorized activities and general responsibilities of Licensed Producers, including:

- the requirement to obtain and maintain a licence from Health Canada prior to commencing any activities;
- calculating the quantity of cannabis, other than dried cannabis, that is equivalent to a given quantity of dried cannabis;
- security measures relating to facilities and personnel;
- good production practices;
- packaging, shipping, labelling, import and export and record-keeping requirements; and
- patient registration and ordering requirements.

### **Becoming a Licensed Producer**

The process of becoming a Licensed Producer is rigorous and often presents a significant barrier to entry for prospective licensees. According to Health Canada, as of May 25, 2017, there were 1,665 applications received with less than 4% of all applicants being approved as Licensed Producers.

As part of the regulatory improvements announced by Health Canada on May 26, 2017 in connection with streamlining the licensing process and enabling increased production of cannabis by Licensed Producers, Health Canada streamlined the application process for becoming a Licensed Producer. The stages in the application process are now summarized as follows:

1. *Intake and Initial Screening:* When an application is received, it undergoes an assessment for completeness. If an application appears to be complete, it will be assigned an application number. The application number means that the application has completed the assessment.

The initial screening includes an assessment of:

- the proposed business plan;
- the Security Clearance Application Form; and
- record-keeping methods pertaining to security, good production practices, inventory, and destruction methods.

If an application is not complete, depending on the information that is missing, applicants may be contacted by Health Canada to obtain the missing information or the application may be returned to the applicant.

Health Canada will also verify that applicants have provided notices to the senior officials with the local government where their proposed site is located.

2. *Detailed Review and Initiation of Security Clearance Process:* All information submitted to Health Canada, and any other relevant information, is reviewed to:
  - complete the assessment of the application to ensure that it meets the requirements of the regulations;
  - establish that the issuance of the licence is not likely to create risks to public health, safety or security, including the risk of cannabis being diverted to an illicit market or use; and
  - establish that there are no other grounds for refusing the application.

An application will be thoroughly reviewed to ensure that the level of detail included in the application is sufficient to assess the requirements of the ACMPR and validate the information provided. Consideration is also given to the proposed security measures including those required by Subdivision C of the ACMPR and the description of the storage area for cannabis as required by the security directive; the credentials of the proposed quality assurance person to meet the good production requirements outlined in Subdivision D of the ACMPR and the details listed in the quality assurance report relating to premises, equipment and sanitation program. Physical security plans will be reviewed and assessed in detail at this stage.

Licensed Producers are required to comply with all applicable provincial/territorial and municipal laws, including zoning restrictions, fire and electrical safety, and environmental legislation (e.g. waste management).

Given the extensive review process, applicants should anticipate communicating with the Office of Medical Cannabis multiple times to provide clarifications on the application. Health Canada may also request additional information from the applicant as required.

While the application is in the detailed review stage, the security clearance forms for key personnel will be sent for processing.

When applying for a licence to produce under the ACMPR, a Security Clearance Application Form must be submitted for the following individuals:

- the proposed senior person in charge;
- the proposed responsible person in charge;
- the proposed alternate responsible person(s) in charge (if applicable);
- if a producer's licence is issued to an individual, that individual; and,
- if a producer's licence is issued to a corporation, each officer and director of the corporation.

3. *Issuance of Licence to Produce:* Once Health Canada confirms that the requirements of the ACMPR have been met, and the application successfully completes the detailed review and security clearance stage, a licence to produce, along with the terms and conditions of such licence, will be issued.
4. *Introductory Inspection:* As part of the terms and conditions on their licence, a Licensed Producer is required to notify Health Canada once cultivation begins. Once notified, Health Canada will schedule an initial inspection to verify that the Licensed Producer is meeting the requirements of the ACMPR including, but not limited to, the physical security requirements for the site, record-keeping practices and good production practices and to confirm that the activities being conducted by the licensed producer correspond to those indicated on their licence.

Before being authorized for the activity of sale, the licensed producer must undergo a pre-sale inspection by Health Canada to verify that they are in full compliance with all requirements of the ACMPR, with a focus on good production practices.

5. *Pre-Sales Inspection (prior to issuance of sales licence):* If a Licensed Producer wishes to add the activity of sale to their existing licence, an amendment application must be submitted to the Office of Medical Cannabis. Health Canada will then schedule an inspection to verify that the Licensed Producer is meeting the requirements of the ACMPR including, but not limited to, good production practices, packaging, labelling, shipping, and record keeping prior to allowing the sale or provision of product.
6. *Issuance of Licence to Sell:* To complete the assessment of the requirements of the ACMPR and establish that adding the activity of sale of cannabis products is not likely to create a risk to public

health, safety or security, and to confirm that there are no other grounds for refusing the amendment application, the following information is reviewed:

- results of the pre-sale inspection;
- information submitted in the amendment application to add the activity of sale to the licence; and
- any other relevant information.

When the review is completed, an amended licence, including the activity of sale, is issued to the Licensed Producer. The Licensed Producer may now begin supplying cannabis products to registered clients, other licensed producers and/or other entities named in subsection 22(2) of the ACMPR, depending on the activities licensed. Separate licences may be issued for dried marijuana, plants and/or cannabis oil.

### **Expected Legalization of Adult-Use Cannabis in Canada**

In 2015, the Government of Canada announced a platform advocating for the legalization of adult-use cannabis in order to regulate the illegal market and restrict access by under-aged individuals. On April 20, 2016, the Government of Canada announced its intention to introduce, by the spring of 2017, legislation to legalize the adult-use of cannabis in Canada. On April 13, 2017 the Cannabis Act was introduced.

The Cannabis Act provides a licensing and permitting scheme for the production, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis, to be implemented by regulations made under the Cannabis Act. It is proposed that provincial legislation will implement measures authorizing the sale and distribution of cannabis that has been produced by a person authorized under the Cannabis Act. The licensing, permitting and authorization regime will be implemented by regulations made under the Cannabis Act and overseen at the federal level by Health Canada. As of the date of hereof, draft regulations have not yet been released. The Cannabis Act contains some details of the application requirements for licences and permits, which are similar in nature to the requirements of the ACMPR (i.e., they include requirements for financial information, security information and security clearances).

The Cannabis Act proposes to maintain separate access to cannabis for medical purposes, including providing that import and export licences and permits will only be issued in respect of cannabis for medical or scientific purposes.

The transitional provisions of the Cannabis Act provide that every licence issued under section 35 of the ACMPR that is in force immediately before the day on which the Cannabis Act comes into force is deemed to be a licence issued under the Cannabis Act, and that such licence will continue in force until it is revoked or expires.

The Government of Canada has provided guidance that, subject to Parliamentary approval and Royal Assent, the Government of Canada intends to provide regulated and restricted access to cannabis no later than July 2018, however there is no assurance that the enactment of the Cannabis Act and the legalization of adult-use cannabis will occur as anticipated or at all. See “*Part IV – Risk Factors*”.

Below are additional highlights of the Cannabis Act:

- Introduces restrictions on the amounts of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the Cannabis Act.
- Permits individuals who are 18 years of age or older to cultivate, propagate, and harvest up to and including four cannabis plants of up to 100 centimeters in height in their

dwelling-house, propagated from a seed or plant material authorized by the Cannabis Act.

- Restricts (but does not strictly prohibit) the promotion and display of cannabis, cannabis accessories and services related to cannabis, including restrictions on branding and a prohibition on false or misleading promotion and on sponsorships.
- Permits the informational promotion of cannabis in specified circumstances to individuals 18 years and older.
- Introduces packaging and labelling requirements for cannabis and cannabis accessories, and prohibits the sale of cannabis or cannabis accessories in a manner that could be appealing to young persons.
- Provides the Minister with the power to recall any cannabis or class of cannabis on reasonable grounds that such a recall is necessary to protect public health or public safety.
- Permits the establishment of a national cannabis tracking system.
- Provides powers to inspectors for the purpose of administering and enforcing the Cannabis Act and a system for administrative monetary penalties.

The impact of any such new legislative regime on the medical cannabis industry and the Resulting Issuer's business plans and operations is uncertain. See "*Part IV – Risk Factors*".

## SUMMARY OF LISTING STATEMENT

*Unless otherwise stated, all information included herein is as at May 28, 2018. Such information is subject to change and such changes may be material. In particular, and without limitation, all information concerning the Resulting Issuer is forward-looking by its nature and undue reliance should not be placed on such information as such information may change and such changes may be material. See "Forward-Looking Statements" herein.*

*The following is a summary of information relating to Orca, CCC and the Resulting Issuer (assuming completion of the Acquisition) and should be read together with the more detailed information and financial data and statements contained elsewhere herein.*

### THE COMPANIES

#### **Orca**

Orca Touchscreen Technologies Ltd. was incorporated under the BCBCA on December 31, 2013. The head office of Orca is located at 1500 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6.

On September 18, 2014, Orca commenced trading on the CSE under the trading symbol "OAA". During that year, Orca completed a four-for-one forward stock split and obtained listings for trading on 3 markets: the CSE, Frankfurt Stock Exchange and OTCQB.

#### **Orca Sub**

1151856 B.C. Ltd. was incorporated under the BCBCA on February 5, 2018. The registered office of Orca Sub is located at 1800 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3.

#### **Orca Mobile**

Orca Mobile Solutions Ltd. (**Orca Mobile**) was incorporated under the BCBCA on December 17, 2013. Orca Mobile is a wholly owned subsidiary of Orca. The registered office of Orca Mobile is located at 500 – 666 Burrard Street, Vancouver, British Columbia, B6C 3P6. Orca intends to wind-up Orca Mobile prior to completion of the Acquisition.

#### **CCC**

On November 22, 2016, Cultivator Catalyst Corp. was incorporated under the OBCA. On April 26, 2017, CCC filed articles of amendment to create two new classes of preferred shares (being the CCC Class B Special Shares and the CCC Class C Special Shares). On December 11, 2017, CCC filed articles of amendment to remove restrictions on share ownership. The head office of CCC is located at 480 University Avenue, Suite 1401, Toronto Ontario, M5G 1V2. CCC is not a "reporting issuer" under applicable securities legislation and its securities are not listed for trading on any stock exchange.

Since incorporation, CCC's focus has been on identifying late stage ACMPR applicants to acquire at attractive valuations and advance through the ACMPR licensing phase in an efficient manner.

### THE ACQUISITION

The following section contains a summary of the Amalgamation Agreement. This summary is qualified in its entirety by the actual terms of the Amalgamation Agreement which is available on the System for Electronic Document Analysis and Retrieval (**SEDAR**) at [www.sedar.com](http://www.sedar.com) under Orca's profile.

Orca, Orca Sub and CCC entered into the Amalgamation Agreement dated as of April 25, 2018 pursuant to which Orca Sub will amalgamate with CCC and CCC and Orca Sub will form a new amalgamated corporation and the separate existence of CCC and Orca Sub will cease. The surviving amalgamated corporation will be a wholly-owned subsidiary of Orca and will be the operating subsidiary of Orca (or the Resulting Issuer) at the time of the completion of the Amalgamation. The Amalgamation will constitute a reverse take-over of Orca by CCC inasmuch as the former CCC Shareholders will own up to 98.9%<sup>1</sup> of the outstanding Common Shares and all of the members of the board of directors of the Resulting Issuer will be designees of CCC.

## **Conditions to the Acquisition**

### *General*

The following is a description of certain material provisions of the Amalgamation Agreement. It is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Amalgamation Agreement, a copy of which is available under Orca's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### *Conditions to the Amalgamation*

#### *Mutual Conditions Precedent*

The completion of the Amalgamation depends on the satisfaction of a number of conditions precedent of CCC, Orca and Orca Sub including, but not limited to:

- receipt of all regulatory, governmental or third party approvals, waivers and consents as are required to be obtained by Orca, CCC or Orca Sub in connection with the Amalgamation, including the conditional acceptance by the Exchange and any other applicable regulatory authorities of the transaction contemplated by the Amalgamation Agreement;
- the approval by the Orca Shareholders of each of the Orca Fundamental Change Resolution and the Orca Special Share Resolution at the Orca Meeting;
- the approval by the CCC Shareholders of the CCC Continuance Resolution and the CCC Amalgamation Resolution at the CCC Meeting;
- the approval by Orca, as the sole shareholder of Orca Sub, of the Amalgamation;
- the delivery of the Listing Statement to the Exchange; and
- there being no material action or proceeding pending or threatened, and no action taken under any applicable law that makes illegal or otherwise restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated in the Amalgamation Agreement, or results in a judgment or assessment of material damages relating to the transactions contemplated in the Amalgamation Agreement.

Except for the required shareholder approvals and regulatory approvals, each party has the right to waive, in whole or in part, the conditions to its obligations under the Amalgamation Agreement.

#### *Conditions Precedent of Orca and Orca Sub*

The completion of the Amalgamation depends on the satisfaction of a number of conditions precedent of Orca and Orca Sub including, but not limited to:

- the resignation and release of each of the directors and officers of Orca conditional on closing of the Amalgamation;
- the Orca Share Consolidation being completed prior to the Effective Date;

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<sup>1</sup> Percentage does not contemplate the Private Placement being completed.

- there being no more than 1,298,542 Orca Shares duly issued and outstanding on a fully-diluted basis (being comprised of 1,153,252 Orca Shares and 145,290 Orca Warrants with a weighted average exercise price of \$21.00);
- there being no act, action, suit, proceeding, objection or opposition threatened or taken against or affecting Orca or Orca Sub and no law, regulation, policy, judgment, decision, order, ruling or directive shall have been proposed, enacted, promulgated, amended or applied which, if the Amalgamation was consummated, would result in a Material Adverse Change (as defined in the Amalgamation Agreement) in the affairs, operations or business of CCC, Orca or Orca Sub or would have a Material Adverse Effect (as defined in the Amalgamation Agreement) on the ability of the parties to complete the Amalgamation;
- the conditional approval by the Exchange of the listing of the Orca Shares to be issued to CCC Shareholders in exchange for their CCC Shares; and
- no Material Adverse Change (as defined in the Amalgamation Agreement) shall have occurred in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities of Orca, or would have a Material Adverse Effect (as defined in the Amalgamation Agreement) on Orca, since the date of the Amalgamation Agreement except as disclosed to CCC in writing prior to the date of the Amalgamation Agreement or as publicly disclosed prior to the date of the Amalgamation Agreement.

#### Conditions Precedent of CCC

The completion of the Amalgamation depends on the satisfaction of a number of conditions precedent of CCC including, but not limited to:

- holders of not greater than 5% of the outstanding CCC Shares shall have exercised Dissent Rights (as defined in the Amalgamation Agreement) in respect of the CCC Continuance Resolution and the CCC Amalgamation Resolution;
- no Material Adverse Change (as defined in the Amalgamation Agreement) shall have occurred in respect of CCC;
- there being no act, action, suit, proceeding, objection or opposition threatened or taken against or affecting CCC and no law, regulation, policy, judgment, decision, order, ruling or directive shall have been proposed, enacted, promulgated, amended or applied which, if the Amalgamation was consummated, would result in a Material Adverse Change (as defined in the Amalgamation Agreement) in the affairs, operations or business of CCC, Orca or Orca Sub or would have a Material Adverse Effect (as defined in the Amalgamation Agreement) on the ability of the parties to complete the Amalgamation; and
- no Material Adverse Change (as defined in the Amalgamation Agreement) shall have occurred in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities of CCC, or would have a Material Adverse Effect (as defined in the Amalgamation Agreement) on CCC, since the date of the Amalgamation Agreement except as disclosed to Orca in writing prior to the date of the Amalgamation Agreement or as publicly disclosed prior to the date of the Amalgamation Agreement.

#### *Covenants*

Each of Orca, Orca Sub and CCC has agreed to certain covenants under the Amalgamation Agreement, including, but not limited to, customary negative and affirmative covenants requiring each party to operate its business and conduct itself in the ordinary course, provide notice of any material changes and use commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Amalgamation Agreement.

#### *Representation and Warranties*

The Amalgamation Agreement contains customary representations and warranties, given by each of Orca and Orca Sub, on the one hand, and CCC, on the other hand, in respect of matters pertaining to, among



other things, organization, standing and corporate power, due authorization of the transaction, subsidiaries, capitalization, assets, agreements, litigation, debts, liabilities, obligations, tax matters, employment matters, material contracts, disclosure and other matters relating to the business and operations of Orca, Orca Sub and CCC.

#### *Termination*

The Amalgamation Agreement may, prior to the filing of the Articles of Amalgamation, be terminated by mutual written agreement of Orca, Orca Sub and CCC without further action on the part of their respective securityholders.

Orca may terminate the Amalgamation Agreement upon written notice to CCC if:

- (a) the CCC Continuance Resolution and the CCC Amalgamation Resolution are not approved by the Shareholders on or before the Outside Date;
- (b) the Amalgamation has not become effective on or before the Outside Date;
- (c) CCC is in breach of any of its covenants, agreements or representations and warranties contained in the Amalgamation Agreement that would have a Material Adverse Effect (as defined in the Amalgamation Agreement) on CCC or on the ability to consummate the transactions contemplated by the Amalgamation Agreement and CCC fails to cure such breach in accordance with the terms of the Amalgamation Agreement; or
- (d) CCC fails to comply, or is incapable of complying, with its conditions precedent set out in the Amalgamation Agreement and Orca or Orca Sub does not waive such condition precedent in accordance with the Amalgamation Agreement, so long as the failure to satisfy any such condition is not the result of a material breach of the Amalgamation Agreement by Orca or Orca Sub.

If (i) the board of directors of CCC fails to recommend that CCC Shareholders vote in favour of the CCC Continuance Resolution and the CCC Amalgamation Resolution, changes its recommendations, approvals, resolutions or determinations in respect of the Amalgamation in a manner adverse to the Amalgamation or to Orca, or fails to reaffirm its recommendations, approvals, resolutions or determinations in respect of the Amalgamation within 72 hours of the request of Orca, or (ii) CCC breaches its covenants, representations or warranties under the Amalgamation Agreement which causes a Material Adverse Change (as defined in the Amalgamation Agreement) or materially impedes the completion of the Amalgamation and such breach is not cured within ten (10) business days after receipt of written notice of such breach from Orca, then CCC shall pay \$50,000 to Orca.

CCC may terminate the Amalgamation Agreement upon written notice to Orca and Orca Sub if:

- (a) the Orca Fundamental Change Resolution and the Orca Special Share Resolution are not approved by the Orca Shareholders on or before the Outside Date;
- (b) the Amalgamation is not approved by Orca, as sole shareholder of Orca Sub, on or before the Outside Date;
- (c) the Amalgamation has not become effective on or before the Outside Date;
- (d) Orca or Orca Sub is in breach of any of its covenants, agreements or representations and warranties contained in the Amalgamation Agreement that would have a Material Adverse Effect (as defined in the Amalgamation Agreement) on Orca or on the ability to consummate the transactions contemplated by the Amalgamation Agreement and Orca

or Orca Sub fails to cure such breach in accordance with the terms of the Amalgamation Agreement; or

- (e) Orca or Orca Sub fails to comply, or is incapable of complying, with its conditions precedent set out in the Amalgamation Agreement and CCC does not waive such condition precedent in accordance with the Amalgamation Agreement, so long as the failure to satisfy any such condition is not the result of a material breach of the Amalgamation Agreement by CCC.

If (i) the Orca board of directors fails to recommend that Orca Shareholders vote in favour of the Orca Fundamental Change Resolution and the Orca Special Share Resolution, changes any of its recommendations, approvals, resolutions or determinations in respect of the Amalgamation in a manner adverse to the Amalgamation or to CCC, or fails to reaffirm its recommendations, approvals, resolutions or determinations in respect of the Amalgamation within 72 hours of the request of CCC, (ii) a bona fide Acquisition Proposal (as defined in the Amalgamation Agreement) is made and after such Acquisition Proposal is made the Amalgamation is not completed in the manner contemplated in the Amalgamation Agreement and within 12 months of the Acquisition Proposal (as defined in the Amalgamation Agreement) being made, a definitive agreement relating to such proposal is entered into, consummated or effected, (iii) Orca accepts or enters into an agreement to implement an Acquisition Proposal, or (iv) Orca or Orca Sub breaches its covenants, representations or warranties under the Amalgamation Agreement which causes a Material Adverse Change (as defined in the Amalgamation Agreement) or materially impedes the completion of the Amalgamation and such breach is not cured within ten (10) business days after receipt of written notice of such breach from CCC, then Orca shall pay \$50,000 to CCC.

Orca, its directors, officers and agents, have agreed not to solicit any discussions, expressions of interest, proposals or accept any offers relating to any transaction relating to an acquisition of 20% or more of the voting securities of Orca or of a substantial amount of assets of Orca, or any other transaction which could reasonably impede, prevent or delay the transactions contemplated by the Amalgamation Agreement or the Amalgamation.

#### **THE RESULTING ISSUER**

Upon completion of the Acquisition and subject to the approval of the CSE, it is expected that the Resulting Issuer will be listed on the CSE. The Resulting Issuer will change its registered and head office to 480 University Avenue, Suite 1401, Toronto Ontario, M5G 1V2.

Upon completion of the Acquisition, and assuming the Private Placement is not completed:

- (a) an aggregate of 101,334,828 Common Shares and 1 Orca Special Share will be issued and outstanding, consisting of:
  - (i) 100,181,575 Common Shares issued to existing holders of CCC Common Shares;
  - (ii) 1,153,252 Common Shares, post-consolidation, currently held by Orca Shareholders; and
  - (iii) 1 Orca Special Share issued to the existing holder of CCC Special Class C Shares; and

- (b) an aggregate of 1,231,912 warrants to purchase 1,231,912 Common Shares will be outstanding, consisting of:
- (i) 1,086,622 Orca Warrants issued to existing holders of CCC Warrants representing the right to acquire up to an aggregate of 1,086,622 Common Shares, subject to and upon satisfaction of the terms and conditions attaching to the Orca Warrants; and
  - (ii) 145,290 Orca Warrants, post-consolidation, representing the right to acquire up to an aggregate of 145,290 Common Shares, subject to and upon satisfaction of the terms and conditions attaching to the Orca Warrants.

## ESTIMATED AVAILABLE FUNDS AND PRINCIPAL PURPOSES

### Estimated Available Funds

Based on information available as at May 28, 2018, upon completion of the Acquisition, the Resulting Issuer is expected to have approximately \$16,530,233 in Available Funds, which includes the following:

Estimated Funds Available	Amount (\$)
Pro forma consolidated working capital <sup>(1)</sup>	16,830,233
Estimated fees and expenses of the Acquisition	300,000
<b>Total Estimated Available Funds</b>	<b>16,530,233</b>

**Note:**

(1) Consolidated working capital is derived from the Pro Forma Financial Statements attached as Appendix "II".

### Principal Purposes of Funds

Based on information available as at May 28, 2018, the following table sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Acquisition and the current estimated amounts to be used for each such principal purpose:

Principal Use of Available Funds	Amount (\$)
Working Capital	7,330,233
Construction of Ontario Facility	3,600,000
Construction of Newfoundland Facility	5,600,000
<b>Total</b>	<b>16,530,233</b>

In addition to commitments shown in the Principal Purposes of Funds table above, the Resulting Issuer may also use available funds for potential future acquisitions as these opportunities arise.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds is necessary in order for the Resulting Issuer to achieve its objectives as set out herein.

## SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table sets out certain financial information for each of Orca, CCC and Highland Grow as at December 31, 2017, as well as pro forma financial information, after giving effect to the Acquisition as if such events had occurred on December 31, 2017 for balance sheet purposes. Such information is derived from and should be read in conjunction with the Orca Financial Statements, the CCC Financial

Statements, the Highland Grow Financial Statements and the Pro Forma Financial Statements and the notes attached thereto. See Appendix "I" and Appendix "II", respectively.

	Orca as at December 31, 2017 (\$)	CCC as at December 31, 2017 (\$)	Highland Grow as at December 31, 2017 (\$)	Pro Forma Adjustments <sup>(1)</sup> (\$)	Pro Forma Consolidated (\$)
Net Sales	Nil	Nil	Nil	-	Nil
Income (Loss)	185,613	(\$827,596)	(\$342,374)	-	(\$827,596)
per share basis	(0.00)	(\$0.08)	(\$342,374)	-	(\$0.08)
diluted per share basis	(0.00)	(\$0.08)	(\$342,374)	-	(\$0.08)
Net Income (Loss)	185,613	(\$827,596)	(\$342,374)	-	(\$827,596)
per share basis	(0.00)	(\$0.08)	(\$342,374)	-	(\$0.08)
diluted per share basis	(0.00)	(\$0.08)	(\$342,374)	-	(\$0.08)
Total Assets	9,738	\$10,207,998	\$2,827,670	24,497,626	\$34,715,362
Total Long Term Liabilities	Nil	Nil	Nil	-	Nil

**Note:**

(1) See the Pro Forma Financial Statements attached as Appendix "II".

### MARKET FOR SECURITIES AND MARKET PRICE

The Orca Shares are listed on the CSE under the trading symbol "OAA". The closing market price of the Orca Shares on the last day on which there was a trade of Orca Shares prior to the announcement of the LOI on December 3, 2017 was \$0.025. The Orca Shares have been suspended from trading on the CSE since April 3, 2017. It is anticipated that the Common Shares will resume trading on the CSE upon completion of the Acquisition under a symbol as may be approved by CCC and the CSE.

The Orca Shares are also listed for trading on the Frankfurt Stock Exchange and the OTCQB. The CCC Shares are not listed on any stock exchange and there is currently no public market for CCC Shares.

### CONFLICTS OF INTEREST

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the closing of the Acquisition are also directors, officers and/or promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Orca and CCC, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon completion of the Acquisition, as of the date hereof.

### INTERESTS OF EXPERTS

Except as disclosed herein, no person or Company whose profession or business gives authority to a statement made by the person or Company and who is named as having prepared or certified a part of the Circular or prepared or certified a report or valuation described or included in the Circular currently holds, directly or indirectly, more than 1% of the Orca Shares or CCC Common Shares, or holds any property of Orca or CCC or of an Associate or Affiliate of Orca or CCC and no such person is expected to be elected, appointed or employed as director, senior officer or employee of Orca or CCC or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of Orca or CCC or an Associate or Affiliate of Orca or CCC.

As of the date of hereof, the auditors of Orca and CCC, Manning Elliott LLP, have reported that they are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia with respect to Orca and CCC.

### **CONDITIONAL LISTING APPROVAL**

Conditional approval of the Acquisition from the Exchange is a condition precedent to the completion of the Acquisition. As of May 28, 2018, such approval has not been received. The parties continue to work with the CSE and fully expect to obtain such approval, however, such approval cannot be guaranteed.

### **ORCA MEETING**

At the Orca Meeting, the Orca Shareholders will be asked to consider and approve the Orca Meeting Matters. The current directors of Orca have no intention of acting upon the authority granted them under the resolutions to be approved at the Orca Meeting relating to the Acquisition if the Acquisition is not completed.

### **CCC MEETING**

At the CCC Meeting, the holders of CCC Common Shares will be asked to consider and approve the CCC Meeting Matters.

On May 15, 2018, the sole holder of CCC Special Class C Shares approved, by way of written resolution, the CCC Continuance Resolution and the CCC Amalgamation Resolution.

### **SUMMARY RISK FACTORS**

The following is a summary of certain risk factors applicable to Orca, CCC and the Resulting Issuer. The risks presented herein should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and CCC may face. See "*Part IV – Risk Factors*".

#### **Business risks**

- reliance on licenses
- regulatory compliance
- legislation changes
- effects of medical cannabis
- reliance on facilities
- industry risks
- competition risks
- risks related to key persons
- risks inherent in an agricultural business
- reliance on local provincial regulators
- factors which may prevent realization of growth targets
- limited operating history
- risks related to additional financing
- vulnerability to rising energy costs
- transportation disruptions
- unfavorable publicity or consumer perception
- product liability
- product recalls
- reliance on key inputs
- difficulty to forecast
- operating risk and insurance coverage
- risks related to being a holding company

- risks related to acquisitions and integration
- legal proceedings

Financial and accounting risks

- access to capital
- completion of the Private Placement
- estimates or judgments relating to critical accounting policies
- tax risks

Risks related to the Common Shares and completion of the Acquisition

- market for Common Shares
- reporting issuer status
- significant sales of Common Shares
- analyst coverage
- completion of the Acquisition is subject to conditions precedent
- termination of the Amalgamation Agreement
- potential undisclosed liabilities associated with the Acquisition

## PART I – INFORMATION CONCERNING ORCA

### CORPORATE STRUCTURE

#### **Orca**

Orca Touchscreen Technologies Ltd. was incorporated under the BCBCA on December 31, 2013. The head office of Orca is located at 1500 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6.

On September 18, 2014, Orca commenced trading on the CSE under the trading symbol “OAA”. During that year, Orca completed a four-for-one forward stock split and obtained listings for trading on three (3) markets: the CSE, Frankfurt Stock Exchange and OTCQB.

#### **Orca Sub**

1151856 B.C. Ltd. was incorporated under the BCBCA on February 5, 2018. Orca Sub is a wholly owned subsidiary of Orca. The registered office of Orca Sub is located at 1800 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3.

#### **Orca Mobile**

Orca Mobile Solutions Ltd. was incorporated under the BCBCA on December 17, 2013. Orca Mobile is a wholly owned subsidiary of Orca. The registered office of Orca Mobile is located at 500 – 666 Burrard Street, Vancouver, British Columbia, B6C 3P6. Orca intends to wind-up Orca Mobile prior to completion of the Acquisition.

## GENERAL DEVELOPMENT OF THE BUSINESS

#### *Plan of Arrangement*

On January 6, 2014, Orca entered into an arrangement agreement which included a statutory plan of arrangement (the **Arrangement**) with Gorilla Minerals Corp. (**Gorilla**) and Orca Mobile, Orca’s wholly-owned subsidiary, upon completion of the Arrangement. Gorilla was then a reporting issuer in the provinces of Alberta and British Columbia. Pursuant to the Arrangement, the following principal steps were completed on March 6, 2014: (a) Orca acquired all of the issued and outstanding shares of Orca Mobile from all shareholders of Orca Mobile through a 1-for-1 share exchange; (b) Orca Mobile acquired all issued and outstanding shares of Orca from Gorilla for consideration of \$10,000 (the **Purchase Shares**); (c) Gorilla issued four (4) common shares to Orca and, in turn, Orca issued 4,000 common shares to Gorilla (collectively, the **Exchange Shares**); and (d) the Purchase Shares and the Exchange Shares were then cancelled. As a result of the securities exchange with Gorilla, on closing of the Arrangement, Orca became a reporting issuer in Alberta and British Columbia. As a result of the Arrangement, the former shareholders of Orca Mobile, for accounting purposes, are considered to have acquired control of Orca.

#### *Intellectual Property Acquisition Agreement and License Agreement*

On May 12, 2014, Orca, through its wholly-owned subsidiary Orca Mobile, entered into an asset acquisition agreement with Sollensys Corporation (**Sollensys**) whereby Orca acquired Sollensys’ touchscreen patent for \$50,000 and Orca entered into a patent and technology license agreement with Sollensys whereby Orca acquired an exclusive 6-year worldwide license to use all of Sollensys’ technology and remaining 18 patents. In consideration of the license, Orca agreed to pay a royalty of 10% of the gross revenues derived from the patents and 80% of the net revenues received by Orca from the sale of Sollensys’ products sold by Orca. Royalty payments were due on the last day of December each year during the term and were payable as to \$4,000 per month on the first day of each month beginning

July 1, 2014 as guaranteed advance payments of the royalty. During the twelve months ended December 31, 2016, Orca incurred \$48,000 (2015 – \$48,000) in royalty payments pursuant to the terms of the license agreement. Sollensys was a related party of Orca as one of its principal shareholders, senior officers and directors is GwanJe (Frank) Woo, who was a principal shareholder, CEO and President of Orca. The business of Sollensys is the worldwide development, sale and distribution of touchscreen panels for mobile, medical, industrial and other applications. Sollensys, founded in May 2010, has its headquarters in Gwang-Ju City, South Korea. Sollensys has spent over \$5,000,000 developing its capacitive touchscreen panel technology and manufacturing facilities.

During the year ended December 31, 2016, Orca considered the intangible asset to be impaired and wrote down its value to \$nil.

#### *Guatemala Project*

On September 30, 2014, Orca entered into a non-binding letter of intent with Sollensys and Mr. Carlos Fernando Rivers Sandoval, a Guatemalan lawyer, governing the proposed incorporation of a Guatemala joint venture company called Sollen-Mobile S.A. (**Sollen-Mobile**) for the purpose of developing, manufacturing and marketing computer and telecommunications hardware and software. The initial paid-in capital of Sollen-Mobile was proposed to be US\$300,000, of which Orca paid US\$100,000 (\$112,080 CDN) for its proposed one-third share of the investment. During the year ended December 31, 2016, the investment in Sollen-Mobile was written down to \$nil as Orca ceased operations in Guatemala to focus on other opportunities. See “Part III – Information concerning the Resulting Issuer – Description of the Business” for changes in Orca’s business which are anticipated to occur during the current financial year.

### **NARRATIVE DESCRIPTION OF THE BUSINESS**

On June 7, 2017, Orca announced that it had given notice to terminate several material contracts including: (a) the patent and technology license agreement dated May 12, 2014 between its wholly-owned subsidiary Orca Mobile and Sollensys Corp.; (b) the service agreement dated March 18, 2014 and amended October 31, 2015 between Orca and Lion State Capital Pte. Ltd. for business development consulting; (c) the joint venture agreement dated February 10, 2016 between Orca Mobile and Sollensys Corp. et al. regarding Sollen-Mobile; and (d) the loan agreement dated December 11, 2015 between Orca Mobile and Smart Sollen Inc. The assets underlying the foregoing license, joint venture and loan agreements were written off during the past fiscal year ended December 31, 2016.

### **SELECTED CONSOLIDATED FINANCIAL INFORMATION**

The following is a summary of selected financial information for Orca for the periods indicated which should be read in conjunction with the audited financial statements of Orca and the notes thereto for the years ended December 31, 2017, 2016 and 2015.

	<b>Financial Year ended December 31, 2017</b>	<b>Financial Year ended December 31, 2016</b>	<b>Financial Year ended December 31, 2015</b>
Net Sales	Nil	Nil	Nil
Income (Loss)	185,613	(1,043,541)	(3,788,096)
per share basis	(0.00)	(0.02)	(0.08)
diluted per share basis	(0.00)	(0.02)	(0.08)
Net Income (Loss)	185,613	(1,043,541)	(3,788,096)
per share basis	(0.00)	(0.02)	(0.08)
diluted per share basis	(0.00)	(0.02)	(0.08)
Total Assets	9,738	8,611	795,579
Total Long Term Liabilities	Nil	Nil	Nil



Orca had net income of \$185,613 during the year ended December 31, 2017, compared to a net loss of \$1,043,541 for the same period in 2016. During the year ended December 31, 2017, Orca settled liabilities of \$155,060 by issuing Orca Shares and as a result recognized a gain on settlement of liability \$117,420. In addition, certain former related parties and other creditors forgave debts of \$127,644.

Below is a summary of the quarterly results of Orca, for the periods noted.

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Income (loss)	\$3,659	(\$113,282)	(\$94,141)	\$18,151	\$396,826	\$71,278	\$101,241	\$474,196
per share basis	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.01	(\$0.00)	(\$0.00)	\$0.01
diluted per share basis	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.01	(\$0.00)	(\$0.00)	\$0.01
Net Income (loss)	\$3,659	(\$113,282)	(\$94,141)	\$18,151	\$396,826	\$71,278	\$101,241	\$474,196
per share basis	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.01	(\$0.00)	(\$0.00)	\$0.01
diluted per share basis	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.01	(\$0.00)	(\$0.00)	\$0.01

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Orca MD&A should be read in conjunction with Orca's audited financial statements for the year ended December 31, 2017, where necessary, both of which are available under Orca's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### MARKET FOR SECURITIES

The Orca Shares are listed on the CSE under the trading symbol "OAA". The closing market price of the Orca Shares on the last day on which there was a trade of Orca Shares prior to the announcement of the LOI on December 3, 2017 was \$0.025. The Orca Shares have been suspended from trading on the CSE since April 3, 2017. It is anticipated that the Common Shares will resume trading on the CSE upon completion of the Acquisition under a symbol as may be approved by CCC and the CSE..

The Orca Shares are also listed for trading on the Frankfurt Stock Exchange and the OTCQB.

### CONSOLIDATED CAPITALIZATION

As at May 28, 2018 there have been no material changes to the share and loan capital of Orca since December 31, 2017. The following table sets forth the effect of the Orca Share Consolidation on Orca's outstanding share capital as at May 28, 2018, assuming completion of such Orca Share Consolidation on May 28, 2018.

<u>Designation of Security</u>	<u>Amounts Outstanding as at December 31, 2017</u>	<u>Amounts Outstanding as at May 28, 2018 after giving effect to the Orca Share Consolidation</u>
Orca Shares	57,662,633	1,153,252 <sup>(1)</sup>
Orca Warrants	7,264,533	145,290
Orca Options	Nil	Nil

**Note:**

(1) Approximation only as amount may fluctuate due to rounding in connection with the Orca Share Consolidation.

## **OPTIONS TO PURCHASE SECURITIES**

### **Orca Options**

On July 15, 2014, Orca adopted a stock option plan authorizing Orca to grant Orca Options to officers, directors, employees and consultants to acquire, in the aggregate, up to 10% of the issued and outstanding Orca Shares. The Orca Options can be granted for a maximum of five years and vest as determined by Orca's board of directors. The exercise price of each Orca Option granted may not be less than the greater of the closing market prices of the Orca Shares on (i) the trading day prior to the date of the grant, and (ii) the date of the grant, pursuant to CSE Policy 6.

As at May 28, 2018, there are no Orca Options outstanding.

### **Orca Warrants**

As at May 28, 2018, there are 7,264,533 Orca Warrants outstanding and upon completion of the Orca Share Consolidation there will be approximately 145,290 Orca Warrants outstanding (such number may fluctuate due to rounding in connection with the Orca Share Consolidation). Each whole Orca Warrant is exercisable for one Orca Share at exercise prices ranging from \$0.40 - \$0.55, prior to the Orca Share Consolidation, and at exercise prices ranging from \$20.00 - \$27.50, after the Orca Share Consolidation, for a period of five years from the date of issuance.

## **DESCRIPTION OF THE SECURITIES**

### **Orca Shares**

Orca is authorized to issue an unlimited number of Orca Shares without par value. As of May 28, 2018, 57,662,633 Orca Shares and 7,264,533 Orca Warrants are issued and outstanding. Upon completion of the Orca Share Consolidation approximately 1,153,253 Orca Shares will be issued and outstanding (such number may fluctuate due to rounding in connection with the Orca Share Consolidation). In addition, 7,264,533 Orca Shares are reserved for issuance upon the exercise of Orca Warrants and upon completion of the Orca Share Consolidation there will be approximately 145,290 Orca Warrants outstanding (such number may fluctuate due to rounding in connection with the Orca Share Consolidation).

The holders of the Orca Shares are entitled to receive notice of and to attend all meetings of the Orca Shareholders and shall have, on any poll declared thereat, one vote for each Orca Share. The holders of Orca Shares are entitled to receive dividends as and when declared by the board of directors out of moneys properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine. In the event of the liquidation, dissolution or winding-up of Orca, whether voluntary or involuntary, or any other distribution of property of Orca among its shareholders for the purpose of winding up its affairs, the holders of Orca Shares shall be entitled to receive the remaining property of Orca. Orca Shares do not carry any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a securityholder to contribute additional capital.

## Prior Sales

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

<u>Date Issued</u>	<u>Securities</u>	<u>Number of Orca Shares Issued/Issuable</u>	<u>Price/Deemed Price/Exercise Price of Security</u>
July 6, 2017 <sup>(1)</sup>	Orca Shares	1,656,195	\$0.10

**Note:**

(1) Orca issued 1,656,195 Orca Shares to settle accounts with various creditors.

## Stock Exchange Price

On September 18, 2014, Orca commenced trading on the CSE under the trading symbol "OAA". The following sets forth the monthly high and low closing trading prices and the volume of the trading of the Orca Shares on the CSE for the periods indicated.

<u>Date</u>	<u>Price Range Per Orca Share</u>			<u>Volume</u>
	<u>Open</u>	<u>High</u>	<u>Close</u>	
April 30, 2018 <sup>(1)</sup>	-	-	-	-
March 31, 2018 <sup>(1)</sup>	-	-	-	-
February 28, 2018 <sup>(1)</sup>	-	-	-	-
January 31, 2018 <sup>(1)</sup>	-	-	-	-
December 31, 2017 <sup>(1)</sup>	-	-	-	-
November 30, 2017 <sup>(1)</sup>	-	-	-	-
October 31, 2017 <sup>(1)</sup>	-	-	-	-
September 30, 2017 <sup>(1)</sup>	-	-	-	-
June 30, 2017 <sup>(1)</sup>	-	-	-	-
March 31, 2017	0.025	0.025	0.025	0
December 31, 2016	0.025	0.025	0.025	0
September 30, 2016	0.03	0.03	0.03	0
June 30, 2016	0.03	0.03	0.03	0
March 31, 2016	0.04	0.04	0.04	0

**Note:**

(1) Trading of the Orca Shares on the CSE was suspended on April 3, 2017 due to being in default of Exchange Requirements.

## ESCROWED SECURITIES

To the knowledge of the directors and executive officers of Orca, none of the Orca Shares are held in, or otherwise subject to escrow as at May 28, 2018.

## PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and executive officers of Orca, no person, firm or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of Orca, except as disclosed below:

Name	Number of Orca Shares	Percentage of Orca Shares
Walter Zmug	6,250,334 Orca Shares <sup>(1)</sup>	10.8%

**Note:**

(1) Presented on a pre Orca Share Consolidation basis.

## CAPITALIZATION

The following capitalization information is presented on a pre Orca Share Consolidation basis.

	<u>Number of Orca Shares (non-diluted)<sup>(1)</sup></u>	<u>Number of Orca Shares (fully diluted)<sup>(1)</sup></u>	<u>% of Issued (non-diluted)<sup>(1)</sup></u>	<u>% of Issued (fully diluted)<sup>(1)</sup></u>
<b><u>Public Float</u></b>				
Total Outstanding (A)	57,662,633	64,927,166	100%	100%
Held by Related Persons or employees of the Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	16,996,709	12,341,853	29.48%	21.4%
Total Public Float [(A)-(B)]	40,665,924	52,585,313	70.52%	78.6%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding Orca Shares subject to resale restrictions, including restrictions imposed by polling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	-	-	-	-
<b>Total Tradeable Float (A-C)</b>	57,662,633	64,927,166	100%	100%

**Note:**

(1) As of May 28, 2018.

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

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of Orca Shares</u>
1 - 99 Orca Shares	-	-
100 - 499 Orca Shares	-	-
500 - 999 Orca Shares	1	500
1,000 -1,999 Orca Shares	19	28,500
2,000 - 2,999 Orca Shares	50	100,000

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of Orca Shares</u>
3,000 - 3,999 Orca Shares		
4,000 - 4,999 Orca Shares		
5,000 or more Orca Shares	90	40,536,924

**Note:**

(1) As of May 28, 2018. Does not include Orca Shares issued on the exercise of Orca Warrants not yet processed by Orca's transfer agent and non-public securityholders.

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

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of Orca Shares</u>
1 - 99 Orca Shares	-	-
100 - 499 Orca Shares	-	-
500 - 999 Orca Shares	11	5,500
1,000 -1,999 Orca Shares	21	31,000
2,000 - 2,999 Orca Shares	57	114,000
3,000 - 3,999 Orca Shares	-	-
4,000 - 4,999 Orca Shares	1	4,000
5,000 or more Orca Shares	101	27,249,235
Unable to confirm	-	13,262,189

**Note:**

(1) As of May 28, 2018. Does not include Orca Shares issued on the exercise of Orca Warrants not yet processed by Orca's transfer agent and non-public securityholders.

**Non-Public Security holders (Registered)<sup>(1)</sup>**

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of Orca Shares</u>
1 - 99 Orca Shares	-	-
100 - 499 Orca Shares	-	-
500 - 999 Orca Shares	-	-
1,000 -1,999 Orca Shares	-	-
2,000 - 2,999 Orca Shares	-	-
3,000 - 3,999 Orca Shares	-	-
4,000 - 4,999 Orca Shares	-	-
5,000 - or more Orca Shares	5	16,996,709

**Note:**

(1) As of May 28, 2018. Does not include Orca Shares issued on the exercise of Orca Warrants not yet processed by Orca's transfer agent.

## Convertible and Exchangeable Securities

Description of Security (Including conversion/exercise/terms including exercise/conversion price)	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Orca Options	Nil	Nil
Orca Warrants (\$0.40) <sup>(1)</sup>	6,328,843	6,328,843
Orca Warrants (\$0.55) <sup>(2)</sup>	935,708	935,708
Totals:	7,264,533	7,264,533

### Notes:

- (1) Each Orca Warrant is exercisable for one Orca Share at a price of \$0.40 per Orca Share. Of the total of 6,328,843 Orca Warrants, 778,859 Orca Warrants have an expiration date of July 27, 2020, 448,797 Orca Warrants have an expiration date of July 28, 2020, 1,863,302 Orca Warrants have an expiration date of September 25, 2020, 1,382,265 Orca Warrants have an expiration date of November 30, 2020, 629,622 Orca Warrants have an expiration date of February 1, 2021, 262,095 Orca Warrants have an expiration date of February 16, 2021, 135,000 Orca Warrants have an expiration date of March 4, 2021, 735,575 Orca Warrants have an expiration date of April 18, 2021 and 93,310 Orca Warrants have an expiration date of August 16, 2021.
- (2) Each Orca Warrant is exercisable for one Orca Share at a price of \$0.55 per Orca Share. The Orca Warrants have an expiration date of May 11, 2020.

## DIRECTORS AND OFFICERS AND EXECUTIVE COMPENSATION

For details of Orca's directors and officers and executive compensation please see *Statement of Executive Compensation* in the Circular.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director, officer, promoter or member of management of Orca nor any of their Associates or Affiliates, is or has been indebted to Orca as at May 28, 2018.

## PROMOTERS

Orca entered into a consulting agreement (the **Consulting Agreement**) with Marksman Geological Ltd. (**Marksman**) to provide promotional and investor services for Orca, and following completion of the Acquisition, the Resulting Issuer.

Marksman was engaged by Orca to provide Investor Relations services effective September 1, 2017. Marksman is headquartered at Suite 600 – 535 Howe Street, Vancouver, British Columbia, V6C 2Z4. Marksman's principal business is an administration and contracting services company, specializing in new project generation and identification of emerging discovery trends. Marksman's core sectors of expertise are capital markets, go public consulting and mergers and acquisitions. In connection with providing promotional and investor services for Orca, and following completion of the Acquisition, the Resulting Issuer, Marksman will receive the following fees:

- a finder's fee in the amount of 1.50% of the market capitalization of CCC to a maximum of \$100,000,000 determined on the date of closing of the Acquisition to be payable in cash and/or Common Shares, at the election of Marksman and subject to the approval of the Exchange;
- issuance of 1,000,000 common share purchase warrants, each whole warrant entitling Marksman to acquire a Common Share at an exercise price of \$1.00 per Common Share for a period of three years from the date of grant; and

- a fee of \$1.00 plus GST for a one year term of communication and capital market advisory services upon completion of the Acquisition.

Pursuant to the terms of the Consulting Agreement, Marksman provided the following services:

- introducing Orca to private companies looking to go public by way of reverse take-over;
- coordinating marketing efforts on behalf of Orca;
- introducing Orca to and liaising on behalf of Orca with writers for and publishers of relevant subscriber based publications, including newspapers, magazines, business publications and financial publications;
- advising Orca with respect to its public communication materials, including Orca's website and presentations developed for industry meetings, conferences and tradeshow;
- meeting and communicating with corporate analysts, institutional and professional investors, retail clients and stockbrokers;
- assisting Orca with all work necessary to prepare for meetings and presentations with investors; and
- such other services as Orca and Marksman may from time to time agree upon.

#### **LEGAL PROCEEDINGS**

There are no legal proceedings material to Orca to which Orca is a party to or of which any of its property is the subject matter, and there are no such proceedings known to Orca to be contemplated, other than as set forth below.

The State of Hesse, Germany, has an investigation into stock fraud with respect to Orca. This potential incident involves an unnamed individual and predates the current management and directors' involvement in Orca. There is no separate Canadian investigation in this matter.

#### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No person or company who is a director or executive officer of Orca, a person or company that is the direct or indirect owner of, or who exercises control or direction over, more than 10% of the outstanding Orca Shares, or an associate or affiliate of any of the aforementioned persons or companies, has had any material interest in any transaction with Orca within the three most recently completed financial years of Orca prior to the date hereof that has materially affected or will materially affect Orca, including the Acquisition.

#### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The auditors of Orca are Manning Elliott LLP, at its principal office located at 1050 W Pender St #1100, Vancouver, British Columbia V6E 3S7. The transfer agent and registrar for the Orca Shares is Computershare Investor Services Inc., at its principal office located at 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

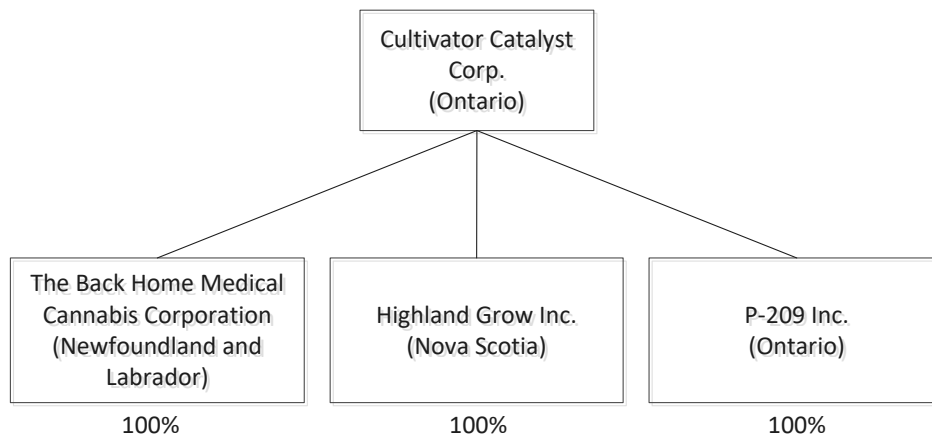
## MATERIAL CONTRACTS

Other than the Amalgamation Agreement, Orca has not entered into any material contracts and will not enter into any material contracts prior to the closing of the Acquisition. See “*Summary of Listing Statement – The Acquisition*” for a summary of the Amalgamation Agreement.

## PART II – INFORMATION CONCERNING CCC

### CORPORATE STRUCTURE

On November 22, 2016, Cultivator Catalyst Corp. was incorporated under the provisions of the OBCA. On April 26, 2017, CCC filed articles of amendment to create two new classes of preferred shares (being the CCC Special Class B Shares and the CCC Special Class C Shares). On December 11, 2017, CCC filed articles of amendment to remove the private issuer restrictions. CCC is not a “reporting issuer” under applicable securities legislation and to its knowledge its securities are not listed for trading on any stock exchange. CCC has three wholly owned subsidiaries, as set out in the organizational chart below.



## GENERAL DEVELOPMENT OF THE BUSINESS

Since incorporation under the OBCA on November 22, 2016, CCC’s focus has been on identifying late stage ACMPR applicants to acquire at attractive valuations and advance through the ACMPR licensing phase in an efficient manner.

On May 19, 2017, CCC entered into a share purchase agreement for the purchase of all of the issued and outstanding shares in the capital of Highland Grow, a Nova Scotia-based ACMPR applicant for an aggregate purchase price of \$500,000 payable in CCC Shares and the issuance of one (1) CCC Special Class B Share and one (1) CCC Special Class C Share. See “ – *Description of Securities*”. The Highland Grow Financial Statements and the Highland Grow MD&A are attached as Appendix “I”, respectively.

On December 1, 2017, Highland Grow received its cultivation licence under the ACMPR, which authorizes Highland Grow to produce dried marihuana, marihuana plants and marihuana seeds for the period from December 1, 2017 to December 1, 2020 (the **Highland Grow Licence**). The Highland Grow Licence provides that the substances inventory cannot exceed at any given time a maximum storage capacity value of \$31,250,000 for the security level 8 vault.

On December 4, 2017, CCC entered into the LOI with Orca for purposes of completing the Acquisition.



On December 5, 2017, CCC entered into a partnership with St. Francis Xavier University in respect of a multi dispensary three-year collaboration to conduct a range of research based initiatives in respect of cannabis, including:

- creating unique cannabis genetics that may be used in clinical trials that CCC intends to undertake;
- development of new delivery methods and mechanisms for delivery of cannabis into the human body;
- research into new approaches for growing and cultivating cannabis at an industrial scale;
- assisting in sourcing human capital for CCC with a particular focus on St. Francis Xavier students and graduates; and
- working with regional and provincial authorities to support these aforementioned activities.

On March 2, 2018, CCC entered into a share purchase agreement for the purchase of all of the issued and outstanding shares in the capital of P-209 Inc. (**P-209**), an Ontario-based ACMPR applicant for an aggregate purchase price of \$3,500,000 in CCC Shares or Common Shares as applicable which shall be satisfied as follows: (a) \$750,000 payable in CCC Common Shares upon closing; (b) \$750,000 payable in Common Shares in the event of CCC's completion of a going public transaction (as defined in the share purchase agreement); and (c) the right to certain contingent payments in the aggregate amount of \$2,000,000, payable in CCC Shares or Common Shares, as applicable.

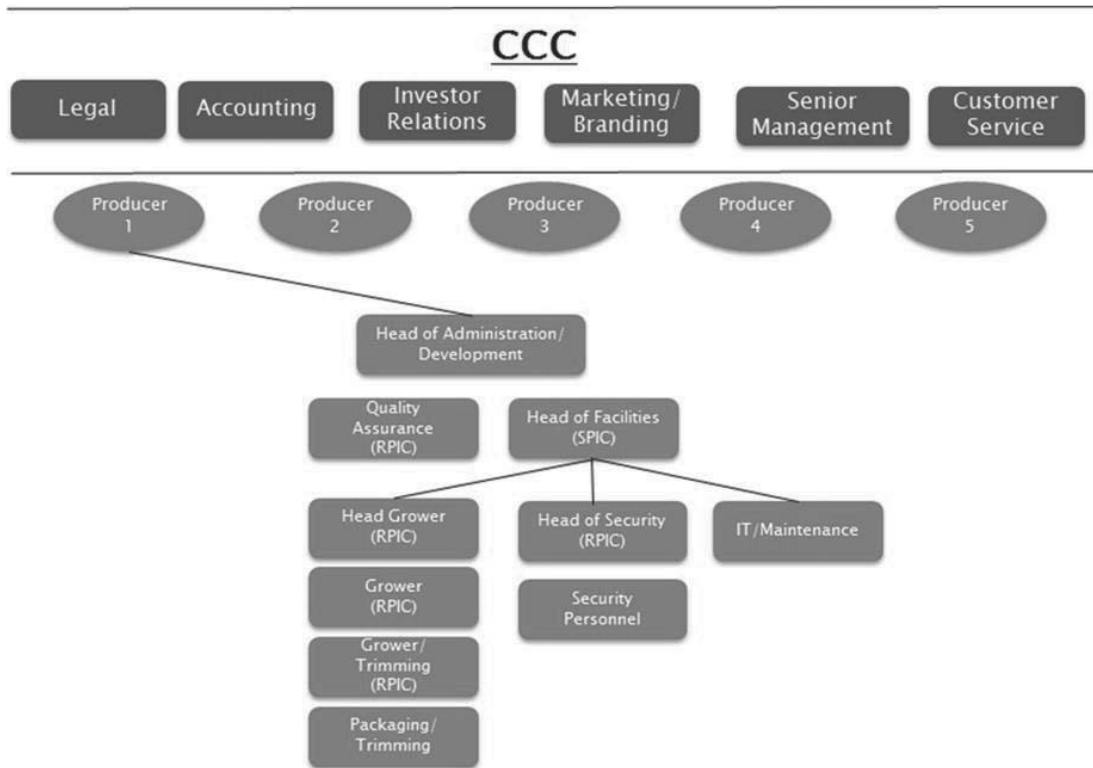
On April 12, 2018, CCC entered into a share purchase agreement for the purchase of all of the issued and outstanding shares in the capital of The Back Home Medical Cannabis Corporation (**Back Home**), a Newfoundland-based ACMPR applicant for an aggregate purchase price of \$2,500,000 payable in CCC Shares or Common Shares, as applicable, subject to adjustment, which purchase price was satisfied by: (a) an initial payment of \$150,000 paid in CCC Common Shares on April 25, 2018; with (b) the remainder payable in CCC Shares or Common Shares, as applicable, upon satisfaction of various conditions related to the licensing process as detailed in the share purchase agreement.

See "*Part III – Information Concerning the Resulting Issuer – Description of the Business*" for changes in CCC's business which are anticipated to occur during the current financial year.

### **NARRATIVE DESCRIPTION OF THE BUSINESS**

CCC is structured to be a centrally run business with cannabis production and distribution assets that are designed for certain Canadian provinces where there is a competitive advantage over large, national incumbent cannabis producers. These operating assets will primarily service their domestic provinces.

A sophisticated senior management and development structure resides at the parent company level, whose costs and benefits will be shared across CCC's production assets:



CCC, through its wholly-owned subsidiary Highland Grow, currently has one licensed cannabis production facility in Nova Scotia, with an additional facility, through its wholly-owned subsidiary P-209, currently under construction in Ontario and a leased facility, through its wholly-owned subsidiary Back Home, in Newfoundland. Over the next 12-months, CCC's primary focus will be to continue construction and/or expansion of these facilities. Subject to receipt of the requisite Health Canada licenses and approvals, CCC expects the majority of production from these facilities will not come on-line until 2019. Subject to the receipt of the requisite Health Canada licenses and approvals, there will be modest commercial sales from each jurisdiction in 2018 through the initial phased buildout of the facilities. It may take another three to four months from the date a facility is completed to generating sufficient production that can be sold in targeted markets.

### Nova Scotia

The first ACMPR applicant acquired by CCC was Highland Grow (formerly THC Dispensaries Inc.), based in Nova Scotia. Highland Grow was granted the Highland Grow Licence from Health Canada pursuant to the ACMPR in respect of its facility in Antigonish, Nova Scotia on December 1, 2017. In order to qualify for the Highland Grow License, Highland Grow retrofit an existing building that was partially converted for the ACMPR program (the **Nova Scotia Facility**). The Nova Scotia Facility is 6,500 square feet and resides on 19 acres of farmland and was a cost-effective way to achieve Highland Grow's first license. The Nova Scotia Facility will ultimately be expanded to 100,000 square feet in two phases. The Phase I expansion will be 50,000 square feet and will be completed in the first quarter of 2019. The Phase II expansion of 50,000 square feet is targeted for completion during the second quarter of 2019.

The capital expenditure for the 100,000 square foot completed facility is expected to be \$34,000,000 and will be financed through a mixture of cash and debt. The employee headcount at this facility when

completed is expected to be 87 individuals. Moreover, CCC anticipates the Nova Scotia Facility has the potential to generate \$77,000,000 in revenue per annum.

The Highland Grow Licence authorizes Highland Grow to cultivate marihuana plants, dried marihuana and marihuana seeds during the period from December 1, 2017 to December 1, 2020. Highland Grow intends to seek an amendment to the Highland Grow Licence to obtain approval to sell its cannabis products, once the Nova Scotia Facility has successfully completed a sufficient amount of cultivation cycles and passed a pre-sell inspection by Health Canada. This inspection will include a review of the cultivation and physical security aspects of the Nova Scotia Facility. Moreover, Highland Grow will also demonstrate other forms of good practices to include but not limited to packaging, labelling, shipping, and record keeping capabilities before product is sold to customers. Once an amended licence to sell dried cannabis is granted, Highland Grow will then seek additional amendments to include the ability to produce and sell cannabis oil.

## **Ontario**

CCC acquired P-209 on March 2, 2018. P-209 is in the late stages of a cultivation license application to Health Canada pursuant to the ACMPR in respect of a facility in Norwich, Ontario (the **P-209 Application**). The P-209 Application is in the detailed review stage. P-209 expects to be in a position to receive a cultivation licence shortly after work on the Ontario Facility (as defined below) is complete.

The P-209 Application involved the retrofit of an approximately 12,000 square foot building that was partially converted for ACMPR standards (the **Ontario Facility**). The Ontario Facility will be 87,000 square feet in size and built in two phases. Phase I will be 12,000 square feet and expected to be completed by way of retrofitting an existing building in the second or third quarter of 2018. Phase II will be a 75,000 square foot new build expansion of the facility and is currently targeted for completion in the fourth quarter of 2018.

The capital expenditure for the 87,000 square foot completed Ontario Facility is expected to be \$9,000,000 and will be financed through a mixture of cash and debt. The employee headcount at this Ontario Facility when completed is expected to be 27 individuals. Moreover, CCC believes the Ontario Facility has the potential to generate \$34,000,000 in revenue per annum.

The purpose of the Ontario Facility will be to primarily supply products to the other provinces CCC operates in and is a Licensed Producer in, until CCC's domestic production capacity in those other provinces is sufficiently brought on-line in 2019.

## **Newfoundland**

CCC acquired Back Home on April 25, 2018. Back Home is also in the late stages of an ACMPR cultivation license application (the **Back Home Application**) where construction on a new structure in Western Newfoundland is expected to start in the second quarter of 2018 (the **Newfoundland Facility**, and collectively with the Nova Scotia Facility and the Ontario Facility, the **Facilities**). The Back Home Application is in the detailed review stage. Back Home expects to be in a position to receive a cultivation licence to produce cannabis once Phase I of the construction of the Newfoundland Facility is complete.

The Newfoundland Facility will be 168,000 square feet in size and built in four phases. The Phase I will be a retrofit of the ground floor, an existing structure, which will result in a 18,000 square foot licensed facility. This first phase is targeted for a completion during the fourth quarter of 2018. Phase II will add an additional 50,000 square feet and will be completed in the first quarter of 2019. Phase III will be 100,000 square feet and completed in the second quarter of 2019.

The capital expenditure for the 168,000 square foot completed Newfoundland Facility is expected to be \$45,000,000 and will be financed through a mixture of cash and debt. The employee headcount at the

Newfoundland Facility when completed is expected to be 113 individuals. Moreover, CCC believes the Newfoundland Facility has the potential to generate \$99,500,000 in revenue per annum.

Subject to receipt of requisite Health Canada licenses and approvals, Back Home plans to open up to four to six retail locations in Newfoundland and Labrador by the end of 2019 to principally sell Back Home products to the local market. The majority of the production from the Newfoundland Facility will be for the local Newfoundland and Labrador market.

### **Adult-Use and Medical Cannabis Sales**

Subject to federal and provincial legislation regarding adult-use cannabis, and subject to receipt of the applicable licences and permits, CCC, through its subsidiaries, intends to sell adult-use cannabis to retailers from one or more of its production facilities in 2018. CCC's intention is to supply customers, with a focus in Atlantic Canada, with a variety of adult-use cannabis products in 2018. This will include dried flower and oil based products.

CCC also expects to develop medical cannabis products for sale in 2018 and beyond. For the foreseeable future and due to the size of the adult-use market and its unique demand dynamics, CCC expects the volume of adult-use sales to be greater than medical cannabis sales. However, beyond 2020, CCC anticipates considerably greater margins in its medical cannabis sales.

### **Partnerships**

In addition to building local production facilities, CCC builds local ecosystems to take advantage of existing local strategic assets while also supporting local communities to support indirect economic development. Specifically, CCC entered into a partnership with St. Francis Xavier University on December 5, 2017 in respect of a multi dispensary three-year collaboration. Through this partnership, CCC and this leading academic institution located close to its Nova Scotia based production facility will conduct a range of research based initiatives including:

- creating unique cannabis genetics that may be used in clinical trials that CCC intends to undertake;
- developing new delivery methods and mechanisms for delivery of cannabis into the human body;
- research into new approaches for growing and cultivating cannabis on an industrial scale;
- assisting in sourcing human capital for CCC with a particular focus on St. Francis Xavier students and graduates; and
- working with regional and provincial authorities to support these aforementioned activities.

### **Facility Sizes and Security**

Each of the Facilities is, or is being, principally designed to cultivate cannabis. CCC may choose to consolidate derivative product production for cost efficiencies. CCC is currently designing facilities where it expects to sell around 70-80% of production to local provincial retailers.

The ACMPR prescribes physical security requirements that are necessary to secure sites where Licensed Producers conduct activities with cannabis for medical purposes. CCC's security measures at the Facilities include, or will include, the following:

- High definition security cameras providing full coverage of the exterior and interior parts of the facility;
- Security fencing with sensors on the exterior perimeter of licensed sections of the property;
- Sign in and sign out requirements for all employees and visitors;

- 24-hour security guards on the premises;
- Each production space/room to require two factor authentication to enter;
- The movement of anyone in the production space from room-to-room is logged and stored;
- A responsible person in charge (security cleared by Health Canada) has to be in every production space at all times when a person who hasn't been security cleared by Health Canada is present;
- Seed-to-sale tracking of inputs and outputs; and
- Remote monitoring and audit capabilities.

### **Competitive Positioning**

CCC is one of the first ACMPR Licensed Producers to be issued a cultivation license in Nova Scotia. CCC also anticipates being one of the three largest local producers of cannabis in each of the Ontario and Nova Scotia markets by 2019.

### **Social Policies**

CCC at each corporate level will employ local standards to hire a workforce that reflects the diversity of the community in which each operating asset is located. CCC will endeavor to provide equal employment opportunities without any bias to race or colour, national or ethnic origin, religion, age, family or marital status, sex (including pregnancy or childbirth), pardoned conviction, disability (either physical or mental or as the result of dependence on alcohol or drugs) or sexual orientation. In other words, CCC's human resources policies will be in compliance with *The Employment Equity Act* and *The Canadian Human Rights Act*.

### **Environmental Policies**

Power is the largest input cost in industrial scale production facilities. CCC will endeavor to design facilities that are energy efficient in terms of how power is consumed. Moreover, CCC will deploy low emission forms of power generation when CCC's facilities are not drawing power from the electrical grid. CCC is committed to utilizing renewable energy wherever possible.

The Facilities will also be highly insulated to cope with weather as their locations in Canada can have extreme cold temperatures for parts of the year.

In the administrative parts of the Facilities, CCC will encourage a paperless work environment where possible and to the extent permissible pursuant to the requirements of Health Canada.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

Selected consolidated financial information of CCC for the period from November 22, 2016 (date of incorporation) to December 31, 2016 and for the year ended December 31, 2017 is shown below. The CCC Financial Statements are attached as Appendix "I".

	Year ended December 31, 2017	Date of Incorporation to December 31, 2016
Net Sales	Nil	Nil
Income (Loss)	(\$827,596)	(\$6)
per share basis	(\$0.08)	(\$0.00)
diluted per share basis	(\$0.08)	(\$0.00)
Net Income (Loss)	(\$827,596)	(\$6)
per share basis	(\$0.08)	(\$0.00)
diluted per share basis	(\$0.08)	(\$0.00)
Total Assets	\$10,207,998	Nil
Total Long Term Liabilities	Nil	Nil

During the year ended December 31, 2017, CCC incurred net loss of \$714,970 (December 31, 2016 - \$6). As at December 31, 2017 CCC had positive working capital of \$3,118,358 (December 31, 2016 - nil) and an accumulated deficit of \$714,970 (December 31, 2016 - \$6). The total assets for 2017 is \$10,196,298 compared to nil for the prior period.

Below is a summary of the quarterly results of CCC, for the periods noted.

	2017				2016
	Q4	Q3	Q2	Q1	Q4
Net Sales	\$nil	\$nil	\$nil	\$nil	\$nil
Income (Loss)	\$150,454	\$274,414	\$402,708	\$20	\$6
per share basis,	(\$0.00)	(\$0.02)	(\$0.02)	(\$0.00)	(\$0.00)
diluted per share basis	(\$0.00)	(\$0.02)	(\$0.02)	(\$0.00)	(\$0.00)
Net Income (Loss)	\$150,454	\$274,414	\$402,708	\$20	\$6
per share basis,	(\$0.00)	(\$0.02)	(\$0.02)	(\$0.00)	(\$0.00)
diluted per share basis	(\$0.00)	(\$0.02)	(\$0.02)	(\$0.00)	(\$0.00)

Selected consolidated financial information of Highland Grow for years ended December 31, 2017 and December 31, 2016 is shown below. Audited consolidated financial statements for Highland Grow for the years ended December 31, 2017 and December 31, 2016 are attached as Appendix "I".

	Year ended December 31, 2017	Year ended December 31, 2016
Net Sales	Nil	Nil
Income (Loss)	(\$342,374)	(\$320,774)
per share basis	(\$342,374)	(\$320,774)
diluted per share basis	(\$342,374)	(\$320,774)
Net Income (Loss)	(\$342,374)	(\$320,774)
per share basis	(\$342,374)	(\$320,774)
diluted per share basis	(\$342,374)	(\$320,774)
Total Assets	\$2,827,670	\$859,953
Total Long Term Liabilities	Nil	Nil

During the year ended December 31, 2017, Highland Grow incurred net loss of \$342,374 (December 31, 2016 - \$320,774). As at December 31, 2017 Highland Grow had a negative working capital of \$2,819,999 (December 31, 2016 - \$858,674) and an accumulated deficit of \$826,972 (December 31, 2016 - \$484,598). The total assets for 2017 is \$2,827,670 compared to \$859,953 for the prior year.

Below is a summary of the quarterly results of Highland Grow, for the periods noted.

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Income (Loss)	\$85,071	\$72,055	\$21,171	\$16,618	\$297,320	\$889	\$16,337	\$6,228
per share basis,	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
diluted per share basis	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
Net Income (Loss)	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
per share basis,	\$85,071	\$72,055	\$21,171	\$16,618	\$297,320	\$889	\$16,337	\$6,228
diluted per share basis	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The CCC MD&A for the year ended December 31, 2017 and the Highland Grow MD&A for the year ended December 31, 2017 are attached as Appendix "I".

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of CCC as at May 28, 2018, before and after giving effect to the 2018 Share Issuances

Authorized Capital	As at December 31, 2017	As at May 28, 2018 after giving effect to the 2018 Share Issuances (unaudited)
Long-term debt	Nil	Nil
CCC Common Shares (unlimited)	18,794,005	20,036,315
CCC Warrants	188,292	217,324

## OPTIONS TO PURCHASE SECURITIES

As at May 28, 2018, pursuant to an employment agreement dated May 19, 2017 between CCC, THC Dispensaries Canada Inc. (now Highland Grow) and Francis MacMaster, as president of Highland Grow (the **MacMaster Employment Agreement**), CCC granted to Mr. MacMaster, options to acquire CCC Common Shares or Common Shares in the event CCC has consummated a reverse takeover transaction, as applicable, (the **Option Shares**) having an aggregate value of \$250,000, of which \$50,000 worth of options is exercisable for an exercise price of \$1.00 on the first, second, third, fourth and fifth anniversary dates of the entering into of the MacMaster Employment Agreement. The number of Option Shares that Mr. MacMaster shall be entitled to receive upon exercise of the option on each anniversary date shall be calculated as follows: (i) if the Option Shares have not commenced trading on any securities exchange on which securities are publicly traded on a given anniversary of the MacMaster Employment Agreement, by dividing \$50,000 by the "Fair Market Value" of the relevant Option Shares on such anniversary date; and (ii) if the Option Shares have commenced trading on any securities exchange on which securities are publicly traded on a given anniversary of the MacMaster Employment Agreement, by dividing \$50,000 by the "Fair Market Value" of the relevant Option Shares on such anniversary date. "Fair Market Value" means the most recent subscription price per Option Share paid by an arm's length subscriber in an issuance from treasury, provided that if no Option Shares have been issued during the six-month period preceding the proposed date of issuance, it shall be such value as is agreed between the board of directors of CCC or the Resulting Issuer, as applicable, and Mr. MacMaster.

CCC also has an aggregate of 217,324 CCC Warrants outstanding, with each whole CCC Warrant entitling the holder thereof to purchase one (1) CCC Common Share at exercise prices ranging from \$1.00 to \$3.00 and expiring two (2) years after the date of issuance.

## DESCRIPTION OF THE SECURITIES

The authorized capital of CCC includes an unlimited number of CCC Common Shares without nominal or par value, an unlimited number of CCC Special Class A Shares, one (1) CCC Special Class B Share and one (1) CCC Special Class C Share. As at May 28, 2018, 20,036,315 CCC Common Shares, one (1) CCC Special Class C Share, zero (0) CCC Special Class A Shares and zero (0) CCC Special Class B Shares are issued and outstanding as fully paid and non-assessable. In addition, as at May 28, 2018, 217,324 CCC Common Shares were reserved for issuance upon the due and proper exercise of CCC Warrants.

On May 23, 2018, CCC entered into an agreement with Echelon Wealth Partners Inc. (**Echelon**), pursuant to which, among other things, Echelon will conduct on a best-efforts basis, a private placement of up to 3,000,000 CCC Common Shares at a price of \$5.00 per share for aggregate gross proceeds of \$15,000,000 (the **Private Placement**). The CCC Common Shares sold pursuant to the Private Placement will be offered by way of exemptions from the prospectus requirements of applicable securities laws in all of the provinces of Canada and certain jurisdictions outside of Canada as agreed to between CCC and Echelon. In consideration of Echelon acting as agent in connection with the Private Placement, CCC has agreed, subject to certain exceptions, to (a) pay Echelon a cash commission equal to 7% of the aggregate gross proceeds raised under the Private Placement and (ii) issue Echelon CCC Warrants to purchase up to an additional 7% of the securities sold under the Private Placement on the same terms as the CCC Common Shares offered under the Private Placement. The closing of the Private Placement, subject to the satisfaction of certain conditions, is on or about June 8, 2018 or such other date as may be agreed to by CCC and Echelon.

### CCC Common Shares

The holders of CCC Common Shares are entitled to receive notice of and one vote per CCC Common Share at meetings of the shareholders of CCC and, upon liquidation, dissolution or winding-up, to share equally in such property or assets of CCC as are distributable to the holders of CCC Common Shares subject to the rights of holders of shares of any class ranking in priority to the CCC Common Shares.



Except as otherwise provided, the CCC Common Shares do not have any (i) pre-emptive, conversion or exchange rights, (ii) redemption, retraction, purchase for cancellation, surrender or sinking or purchase fund provisions, (iii) provisions permitting or restricting the issuance of additional securities or other material restrictions, or (iv) provisions requiring a security holder to contribute additional capital.

Certain CCC shareholders are parties to a shareholder agreement, under which those parties to the agreement have pre-emptive rights, tag-along rights and drag-along rights, subject to the specific terms and conditions of the shareholder agreement.

### **CCC Warrants**

The holders of CCC Warrants are entitled, prior to the expiry date, to subscribe for and purchase that number of CCC Common Shares at an exercise price as set out in the CCC Warrant certificate issued to the holder of CCC Warrants.

The CCC Warrants do not have any (i) dividend rights, (ii) voting rights, (iii) rights upon dissolution or winding-up, (iv) pre-emptive rights, (v) redemption, retraction, purchase for cancellation, surrender or sinking or purchase fund provisions, (vi) provisions permitting or restricting the issuance of additional securities or other material restrictions, or (vii) provisions requiring a security holder to contribute additional capital.

For the terms specific to each issued and outstanding CCC Warrant, see “*Capitalization of CCC*”.

### **CCC Special Class A Shares**

As of May 28, 2018, there are no CCC Special Class A Shares issued and outstanding.

The holders of CCC Special Class A Shares are entitled to a preferential non-cumulative dividend at a variable amount, if, as and when declared by CCC’s board of directors. Except with the consent in writing of the holders of all CCC Special Class A Shares outstanding, no dividends shall at any time be declared or paid upon, or set aside for payment on any CCC Common Shares or on the shares of any other class ranking junior to the CCC Special Class A Shares for any fiscal year unless and until the variable preferential non-cumulative dividend, as determined by CCC’s board of directors, for such fiscal year on all CCC Special Class A Shares outstanding has been declared and paid or a sum set aside for payment thereof.

The CCC Special Class A Shares are redeemable from time to time and at any time by CCC upon the giving of notice. The redemption price shall be that amount or value which is equivalent to the fair market value of the property received by CCC in exchange for each CCC Special Class A Share (the **CCC Special Class A Redemption Price**), subject to adjustments where the Canada Revenue Agency declares the property received to have a fair market value different than that declared by CCC.

The CCC Special Class A Shares may be purchased for cancellation at any time and from time to time, in whole or in part, by CCC, pursuant to tenders or, with the unanimous consent of the holders of all of the issued and outstanding CCC Special Class A Shares, by private contract at the lowest price at which, in the opinion of CCC’s board of directors, such CCC Special Class A Shares are obtainable, not exceeding the CCC Special Class A Redemption Price.

The holders of CCC Special Class A Shares are entitled to require CCC to redeem at any time or times after the issuance thereof all or any of the CCC Special Class A Shares for an amount equal to the aggregate of the CCC Special Class A Redemption Price of the CCC Special Class A Shares being redeemed plus all declared and unpaid dividends thereon.

Upon liquidation, dissolution or winding-up, the holders of CCC Special Class A Shares are entitled to share equally in such property or assets of CCC as are distributable to the holders of CCC Special Class

A Shares in priority to the holders of CCC Common Shares and to the holders of shares of any other class ranking junior to the CCC Special Class A Shares.

The holders of CCC Special Class A Shares are not entitled to receive notice of, to attend or vote at any meeting of the CCC Shareholders, unless such business being transacted is solely and directly affecting the existence, rights and obligations of such CCC Special Class A Shares, in which case, the holder of the CCC Special Class A Shares shall be entitled to one vote in respect of each CCC Special Class A Share held. The rights of the holders of CCC Special Class A Shares may only be modified, amended or varied upon the approval of the holders of not less than two-thirds of the outstanding CCC Special Class A Shares represented and voted at such meeting in addition to any other approval required by the OBCA and the approval of holders of not less than two-thirds of the issued and outstanding CCC Common Shares, except where no CCC Special Class A Shares are issued and outstanding, in which case, modification, amendment or variation shall only require the approval of the holders of not less than two-thirds of the issued and outstanding CCC Common Shares in addition to any other approval required by the OBCA.

The CCC Special Class A Shares do not have any (i) surrender or sinking or purchase fund provisions, (ii) provisions permitting or restricting the issuance of additional securities or other material restrictions, or (iii) provisions requiring a security holder to contribute additional capital.

#### **CCC Special Class B Share**

As of May 28, 2018, there are no CCC Special Class B Shares issued and outstanding.

One CCC Special Class B Share was issued in connection with the acquisition of Highland Grow (see "*Narrative Description of the Business – Nova Scotia*"). The CCC Special Class B Share was converted into 525,000 CCC Common Shares in accordance with its terms following receipt of the Highland Grow Licence.

#### **CCC Special Class C Share**

As of May 28, 2018, there is one CCC Special Class C Share issued and outstanding.

One CCC Special Class C Share was issued in connection with the acquisition of Highland Grow (See "*Narrative Description of the Business – Nova Scotia*").

The CCC Special Class C Share may, upon notice to CCC, be converted into fully paid and non-assessable CCC Common Shares upon receipt by Highland Grow of an ACMPR sales license, such number of CCC Common Shares to be issued to the holder of a CCC Special Class C Share at the time of conversion being determined by dividing \$3,050,000.00 by the price per CCC Common Share paid by an arm's length party at the most recently completed subscription or capital raise by CCC provided CCC has completed a subscription or capital raise within a six-month period preceding the proposed conversion date, failing which, the price per CCC Common Share shall be such value as is agreed between CCC's board of directors and the holder of such CCC Special Class C Share.

The holder of a CCC Special Class C Share is not entitled to receive notice of, to attend or vote at any meeting of the shareholders of CCC, unless such business being transacted is solely and directly affecting the existence, rights and obligations of such CCC Special Class C Share, in which case, the holder of the CCC Special Class C Share shall be entitled to one vote in respect of each CCC Special Class C Share held. The rights of the holder of the CCC Special Class C Share may only be modified, amended or varied upon the approval of the holder of the CCC Special Class C Share in addition to any other approval required by the OBCA and the approval of holders of not less than two-thirds of the issued and outstanding CCC Common Shares, except where no CCC Special Class C Share is issued and outstanding, in which case, modification, amendment or variation shall only require the approval of the

holders of not less than two-thirds of the issued and outstanding CCC Common Shares in addition to any other approval required by the OBCA.

The CCC Special Class C Share does not have any (i) dividend rights, (ii) rights upon dissolution or winding-up, (iii) pre-emptive rights, (iv) redemption, retraction, purchase for cancellation, surrender or sinking or purchase fund provisions, (vii) provisions permitting or restricting the issuance of additional securities or other material restrictions, or (viii) provisions requiring a security holder to contribute additional capital.

### Prior Sales

The following table sets forth the number and price at which securities of CCC have been sold within the 12 month period prior to the date hereof.

Date	Number of CCC Securities	Class	Issue Price Per Security / Deemed Price Per Security / Exercise Price of Security (\$)	Aggregate Issue Price / Deemed Aggregate Issue Price (\$)
August 31, 2017	100,000	CCC Common Shares	\$1.00	\$100,000.00
August 31, 2017	5,000	CCC Warrants <sup>(1)</sup>	\$1.00	\$5,000.00
August 31, 2017	246,672	CCC Common Shares	\$1.50	\$370,008.00
August 31, 2017	13,667	CCC Warrants <sup>(1)</sup>	\$1.50	\$20,500.50
October 31, 2017	166,667	CCC Common Shares	\$1.50	\$250,000.50
November 3, 2017	773,732	CCC Common Shares	\$1.50	\$1,160,598.00
November 30, 2017	69,434	CCC Common Shares	\$1.50	\$104,151.00
November 30, 2017	100,000	CCC Common Shares	\$2.00	\$200,000.00
November 30, 2017	5,000	CCC Warrants <sup>(1)</sup>	\$2.00	\$10,000.00
December 11, 2017	337,500	CCC Common Shares	\$2.00	\$675,000.00
December 11, 2017	16,875	CCC Warrants <sup>(1)</sup>	\$2.00	\$33,750.00
December 12, 2017	50,000	CCC Common Shares	\$2.00	\$100,000.00
December 20, 2017	175,000	CCC Common Shares	\$2.00	\$350,000.00
December 21, 2017	525,000	CCC Common Shares	\$2.00	\$1,050,000.00
January 2, 2018	50,000	CCC Common Shares	\$2.00	\$100,000.00
January 12, 2018	250,000	CCC Common Shares	\$2.00	\$500,000.00
January 19, 2018	407,310	CCC Common Shares	\$3.00	\$1,221,930.00
January 19, 2018	17,032	CCC Warrants <sup>(1)</sup>	\$3.00	\$51,096.00
January 31, 2018	166,667	CCC Common Shares	\$3.00	\$500,001.00
January 31, 2018	12,000	CCC Warrants <sup>(1)</sup>	\$3.00	\$36,000.00
February 2, 2018	3,333	CCC Common Shares	\$3.00	\$9,333.00
February 27, 2018	40,000	CCC Common Shares	\$4.00	\$160,000.00
March 2, 2018	250,000	CCC Common Shares	\$3.00	\$750,000.00
April 25, 2018	37,500	CCC Common Shares	\$4.00	\$150,000.00
May 19, 2018	12,500	CCC Common Shares	\$4.00	\$50,000.00
May 24, 2018	12,500	CCC Common Shares	\$4.00	\$50,000.00
May 28, 2018	12,500	CCC Common Shares	\$4.00	\$50,000.00

**Note:**

(1) Each CCC Warrant entitles the holder thereof to acquire one CCC Common Share at the corresponding exercise price for two years from the date of issuance.

## ESCROWED SECURITIES

To the knowledge of the directors and executive officers of CCC, none of the securities of CCC are held in, or otherwise subject to escrow as at May 28, 2018.

## PRINCIPAL SECURITYHOLDERS

To the knowledge of management of CCC, no person or company owns, of record of beneficially, directly or indirectly, or exercises control or direction over more than 10% of any class of voting securities of CCC, except as disclosed below:

Name	Number of CCC Common Shares	Percentage of CCC Common Shares
Sasha Jacob <sup>(1)</sup>	9,960,000 CCC Common Shares	49.7% <sup>(2)</sup>

**Notes:**

- (1) Sasha Jacob is the beneficial owner of, and exercises control and direction over an aggregate of 9,960,000 CCC Common Shares, of which 3,000,000 CCC Common Shares are held indirectly through Jacob Capital Management Inc., 4,200,000 CCC Common Shares are held indirectly through Jacob Securities Holdings Inc., 1,320,000 CCC Common Shares are held indirectly through April Jacob and 1,440,000 CCC Common Shares are held by Sasha Jacob directly.
- (2) The percentage of CCC Common Shares that Sasha Jacob beneficially owns, directly or indirectly, or exercises control and direction over, on a fully diluted basis is 49.2%.

## DIRECTORS AND OFFICERS

The following table lists the names, municipalities of residence of the directors and officers of CCC, their positions and offices held with CCC, and their principal occupations or employment and the number of CCC Common Shares which are beneficially owned, directly or indirectly, or over which control or direction is exercised by each.

Name and Municipality of Residence	Principal Occupations for the Last Five Years	Period or periods during which each proposed director has served as a director or officer of CCC	Position with CCC	Number and Percent of CCC Common Shares
Brett James Toronto, Ontario	Principal and Partner of Sussex Strategy Group from 2000 to present.	March 3, 2017 to present	Director	12,500 (0.1%)
George Smitherman Toronto, Ontario	Entrepreneur Owner of Smitherman Sustainable Solutions Inc. from April 2014 to present; Consultant and Owner of 7089150 Ontario Ltd. from September 2013 to present; and Consultant Partner of G and G Global Solutions from April 2011 to April 2014.	March 3, 2017 to present	Director	Nil
Khurram Malik Toronto, Ontario	Head of Research and Research analyst at Jacob Securities Inc. from December 2007 to December 2015, Partner and Head of Research at Jacob Capital Management Inc. from December 2015 to present; President and Secretary of CCC from April 2017 to present.	April 1, 2017 to present	President and Secretary	600,000 (3.0%)

Name and Municipality of Residence	Principal Occupations for the Last Five Years	Period or periods during which each proposed director has served as a director or officer of CCC	Position with CCC	Number and Percent of CCC Common Shares
J. Mark Lievonen <sup>(1)</sup> Toronto, Ontario	Mr. Lievonen held the position of President of Sanofi Pasteur Limited, a vaccine development, manufacturing and marketing company, from 1999 to 2016. He is a Director of Acerus Pharmaceuticals Corporation, Quest PharmaTech Inc., and the Gairdner Foundation. Mr. Lievonen has served on a number of industry and notfor-profit boards including as the chair of Rx&D (now Innovative Medicines Canada), BIOTECanada, and the Markham Stouffville Hospital Foundation, as Vice-Chair of the Ontario Institute for Cancer Research, as a Director of the Public Policy Forum, and as a Governor of York University Mr. Lievonen was appointed to the Order of Canada in 2015, named a Chevalier de l'Ordre National de Mérite by the government of France in 2007, and inducted into the Canadian Healthcare Marketing Hall of Fame in 2013.	May 23, 2018 to present	Board Observer	Nil

**Note:**

- (1) Mr. Lievonen was appointed to the board of directors of CCC as an observer on May 23, 2018 and will be nominated for election to the board of directors of CCC at the CCC Meeting.

## CAPITALIZATION OF CCC

	Number of CCC Common Shares (non- diluted) <sup>(1)</sup>	Number of CCC Common Shares (fully diluted) <sup>(1)</sup>	% of Issued (non-diluted) <sup>(1)</sup>	% of Issued (fully diluted) <sup>(1)</sup>
<b><u>Public Float</u></b>				
Total Outstanding (A)	20,036,315	20,253,639	100%	100%
Held by Related Persons or employees of the Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	12,014,167	12,014,167	60.0%	59.3%
Total Public Float [(A)-(B)]	8,022,148	8,239,472	40.0%	40.7%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding CCC Common Shares subject to resale restrictions, including restrictions imposed by polling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	13,037,500	13,037,500	65.1%	64.4%
<b>Total Tradeable Float (A-C)</b>	6,998,815	7,216,139	34.9%	35.6%

**Note:**

(1) As of May 28, 2018. Does not include CCC Common Shares and CCC Warrants that may be issued pursuant to the Private Placement nor does it include those options held by Mr. MacMaster as described in "Part II – Information concerning CCC – Options to Purchase Securities".

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

Size of Holding	Number of Holders	Total Number of CCC Common Shares
1 - 99 CCC Common Shares	-	-
100 - 499 CCC Common Shares	-	-
500 - 999 CCC Common Shares	-	-
1,000 -1,999 CCC Common Shares	-	-
2,000 - 2,999 CCC Common Shares	-	-
3,000 - 3,999 CCC Common Shares	2	6,668
4,000 - 4,999 CCC Common Shares	-	-
5,000 or more CCC Common Shares	83	8,015,480

**Note:**

(1) As of May 28, 2018. Does not include CCC Common Shares issued on the exercise of CCC Warrants not yet processed by CCC's transfer agent and non-public securityholders nor does it include CCC Common Shares that may be issued pursuant to the Private Placement nor does it include those options held by Mr. MacMaster as described in "Part II – Information concerning CCC – Options to Purchase Securities".

### Public Securityholders (Beneficial)<sup>(1)</sup>

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of CCC Common Shares</u>
1 - 99 CCC Common Shares	-	-
100 - 499 CCC Common Shares	-	-
500 - 999 CCC Common Shares	-	-
1,000 -1,999 CCC Common Shares	-	-
2,000 - 2,999 CCC Common Shares	-	-
3,000 - 3,999 CCC Common Shares	2	6,668
4,000 - 4,999 CCC Common Shares	-	-
5,000 or more CCC Common Shares	81	8,015,480
Unable to confirm	-	-

**Note:**

(1) As of May 28, 2018. Does not include CCC Common Shares issued on the exercise of CCC Warrants not yet processed by CCC's transfer agent and non-public securityholders nor does it include CCC Common Shares that may be issued pursuant to the Private Placement nor does it include those options held by Mr. MacMaster as described in "Part II – Information concerning CCC – Options to Purchase Securities".

### Non-Public Security holders (Registered)<sup>(1)</sup>

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of CCC Common Shares</u>
1 - 99 CCC Common Shares	-	-
100 - 499 CCC Common Shares	-	-
500 - 999 CCC Common Shares	-	-
1,000 -1,999 CCC Common Shares	-	-
2,000 - 2,999 CCC Common Shares	-	-
3,000 - 3,999 CCC Common Shares	-	-
4,000 - 4,999 CCC Common Shares	-	-
5,000 - or more CCC Common Shares	12	12,014,167

**Note:**

(1) As of May 28, 2018. Does not include CCC Common Shares issued on the exercise of CCC Warrants not yet processed by CCC's transfer agent nor does it include CCC Common Shares that may be issued pursuant to the Private Placement nor does it include those options held by Mr. MacMaster as described in "Part II – Information concerning CCC – Options to Purchase Securities".

### Convertible and Exchangeable Securities

<u>Description of Security (Including conversion/exercise/terms including exercise/conversion price)</u>	<u>Number of convertible/exchangeable securities outstanding</u>	<u>Number of listed securities issuable upon conversion/exercise</u>
CCC Warrants (\$1.00) <sup>(1)</sup>	152,750	152,750
CCC Warrants (\$1.50) <sup>(2)</sup>	13,667	13,667

CCC Warrants (\$2.00) <sup>(3)</sup>	21,875	21,875
CCC Warrants (\$3.00) <sup>(4)</sup>	29,032	29,032
Total:	217,324	217,324
Options (\$1.00)	(5)	(5)

**Notes:**

- (1) Each CCC Warrant is exercisable for one CCC Common Share at a price of \$1.00 per CCC Common Share. Of the total of 152,750 CCC Warrants, 73,750 CCC Warrants have an expiration date of February 27, 2019, 74,000 CCC Warrants have an expiration date of March 2, 2019 and 5,000 CCC Warrants have an expiration date of August 31, 2019.
- (2) Each CCC Warrant is exercisable for one CCC Common Share at a price of \$1.50 per CCC Common Share. The CCC Warrants have an expiration date of August 31, 2019.
- (3) Each CCC Warrant is exercisable for one CCC Common Share at a price of \$2.00 per CCC Common Share. Of the total of 21,875 CCC Warrants, 5,000 CCC Warrants have an expiration date of November 30, 2019 and 16,875 CCC Warrants have an expiration date of December 11, 2019.
- (4) Each CCC Warrant is exercisable for one CCC Common Share at a price of \$3.00 per CCC Common Share. Of the total of 29,032 CCC Warrants, 17,032 CCC Warrants have an expiration date of January 19, 2020 and 12,000 CCC Warrants have an expiration date of January 31, 2020.
- (5) CCC granted to Mr. MacMaster options to acquire Option Shares (as defined above) having an aggregate value of \$250,000, of which \$50,000 worth of options is exercisable for one Option Share at a price of \$1.00 on the first, second, third, fourth and fifth anniversary dates of the entering into of the MacMaster Employment Agreement (as defined above). See "Part II – Information concerning CCC – Options to Purchase Securities" for more details.

## EXECUTIVE COMPENSATION

### Advisory Agreement

CCC has entered into an agreement with Jacob Capital Management Inc. (**JCM**) pursuant to which JCM is receiving an advisory fee of \$15,000 per month (the **Advisory Fee**). Khurram Malik, an employee of JCM, is CCC's President and Secretary. The Advisory Fee is designed to pay JCM for the management of CCC. CCC does not pay any compensation directly to the personnel carrying out the executive and administrative services for CCC, but rather pays JCM the Advisory Fee, who in turn compensates its consultants and employees for providing such services to CCC. CCC does not have an employment agreement with Mr. Malik, CCC's sole executive officer.

### Summary Compensation Table

The following table sets out information concerning the compensation from November 22, 2016 to December 31, 2016 and for the year ended December 31, 2017 to CCC's sole executive officer:

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-equity incentive plan compensation		All other Compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)		
Khurram Malik, President and Secretary	2017 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	90,000 <sup>(3)</sup>	90,000
	2016 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	7,500 <sup>(3)</sup>	7,500

**Notes:**

- (1) Represents the period January 1, 2017 to December 31, 2017.
- (2) Represents the period November 22, 2016 to December 31, 2016.
- (3) Compensation attributable to a portion of the Advisory Fee received by JCM.



## **Directors Compensation**

Compensation is not paid to directors of CCC.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No director, officer, promoter or member of management of CCC nor any of their Associates or Affiliates, is or has been indebted to CCC as at May 28, 2018.

## **PROMOTER**

Sasha Jacob is considered a promoter of CCC. Mr. Jacob holds 9,960,000 CCC Common Shares (of which 3,000,000 CCC Common Shares are held indirectly through Jacob Capital Management Inc., 4,200,000 CCC Common Shares are held indirectly through Jacob Securities Holdings Inc., 1,320,000 CCC Common Shares are held indirectly through April Jacob and 1,440,000 CCC Common Shares are held by Sasha Jacob directly) representing 49.7% of the issued and outstanding CCC Common Shares. Sasha Jacob will hold 49,800,000 Common Shares upon completion of the Acquisition, representing 49.1% of the Common Shares to be issued and outstanding on completion of the Acquisition.

## **LEGAL PROCEEDINGS**

There are no legal proceedings material to CCC to which CCC is a party to or of which any of its property is the subject matter, and there are no such proceedings known to CCC to be contemplated.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No person or company who is a director or executive officer of CCC, a person or company that is the direct or indirect owner of, or who exercises control or direction over, more than 10% of the outstanding CCC Common Shares, or an associate or affiliate of any of the aforementioned persons or companies, has had any material interest in any transaction with CCC since incorporation that has materially affected or will materially affect CCC, other than the Acquisition.

See "*Part III – Information Concerning the Resulting Issuer – Directors and Officers*" and "*Part III – Information Concerning the Resulting Issuer – Principal Securityholders*" for the Common Shares issuable to Khurram Malik, CCC's sole executive officer and Sasha Jacob, CCC's principal securityholder upon closing of the Acquisition.

## **AUDITOR**

The auditors of CCC are Manning Elliott LLP, at their principal office located at 1050 W Pender St #1100, Vancouver, British Columbia V6E 3S7.

## **MATERIAL CONTRACTS**

Except for contracts entered into by CCC in the ordinary course of business, the Amalgamation Agreement is a material contract to CCC. A copy of the Amalgamation Agreement may be inspected during regular business hours at CCC's head office at 480 University Avenue, Suite 1401, Toronto, Ontario, M5G 1V2 until the closing of the Acquisition and for a period of 30 days thereafter and is also available under Orca's SEDAR profile at [www.sedar.com](http://www.sedar.com). See "*Summary of the Listing Statement – The Acquisition*" for a summary of the Amalgamation Agreement.

## PART III – INFORMATION CONCERNING THE RESULTING ISSUER

Information contained in this Part III assumes completion of the Acquisition and all required approvals including approval by the Exchange.

### CORPORATE STRUCTURE

#### Name and Incorporation

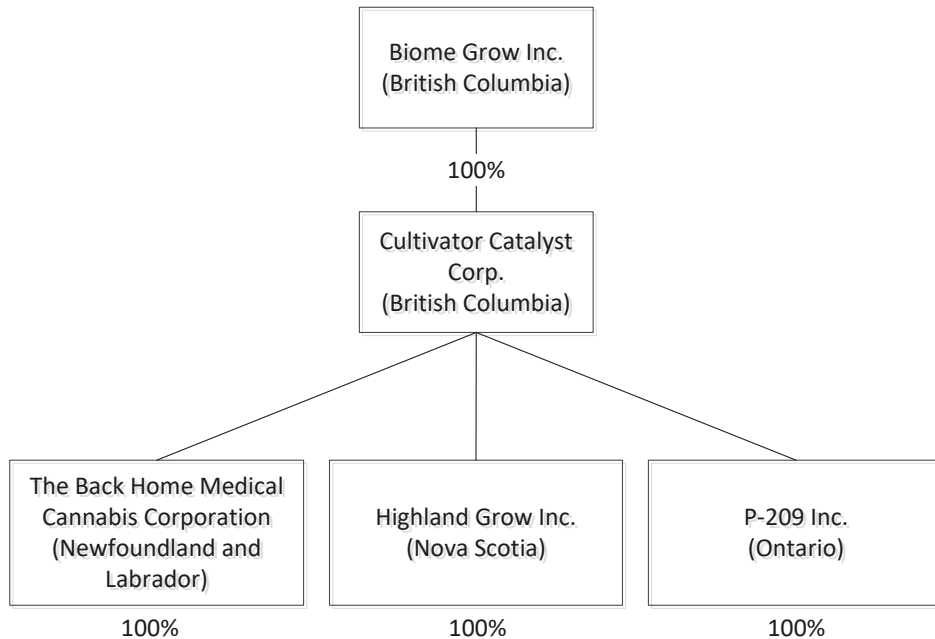
Following completion of the Acquisition, it is anticipated that the Resulting Issuer will file articles of amendment to change its name to “Biome Grow Inc.” or such other name as may be determined in the sole discretion of the Board.

The Resulting Issuer’s head and registered office will be located at 480 University Avenue, Suite 1401, Toronto, Ontario, M5G 1V2.

In connection with the Closing, CCC will amalgamate with Orca Sub and the resulting amalgamated company will be a wholly-owned subsidiary of the Resulting Issuer. The Resulting Issuer will continue to be a company incorporated under the BCBCA.

#### Intercorporate Relationships

The following organizational chart reflects the proposed structure of the Resulting Issuer after completion of the Acquisition:



### DESCRIPTION OF THE BUSINESS

Following the Closing, the Resulting Issuer will continue to carry on the business currently carried on by CCC. See “Part II – Information Concerning CCC – Narrative Description of the Business”.

## Stated Business Objectives

In addition to having the same stated business objectives as CCC, the Resulting Issuer intends to utilize the funds over the next 18 months after completion of the Amalgamation as described in the “Estimated Available Funds and Principal Uses” section below.

## Milestones

Within 12 to 24 months following the completion of the Acquisition, the Resulting Issuer anticipates working towards several milestones, including:

- expansion of Nova Scotia Facility;
- building and licensing the Ontario Facility;
- building and licensing the Newfoundland Facility;
- developing the Resulting Issuer’s business in the Atlantic Provinces;
- building out management and medical advisory executive team;
- signing supply agreements with provincial and private sector organizations;
- completing the acquisitions of proprietary technology assets;
- building out executive and operational teams associated with our two production facilities; and
- initiate research and development programs with our medical advisory board and academic institution partners.

## SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of selected financial information for the Resulting Issuer for the financial year ended December 31, 2017 which should be read in conjunction with the Pro Forma Financial Statements attached as Appendix “II”.

	Orca as at December 31, 2017 (\$)	CCC as at December 31, 2017 (\$)	Highland Grow as at December 31, 2017 (\$)	Pro Forma Adjustments <sup>(1)</sup> (\$)	Pro Forma Consolidated (\$)
Net Sales	Nil	Nil	Nil	-	Nil
Income (Loss)	185,613	(\$827,596)	(\$342,374)	-	(\$827,596)
per share basis	(0.00)	(\$0.08)	(\$342,374)	-	(\$0.08)
diluted per share basis	(0.00)	(\$0.08)	(\$342,374)	-	(\$0.08)
Net Income (Loss)	185,613	(\$827,596)	(\$342,374)	-	(\$827,596)
per share basis	(0.00)	(\$0.08)	(\$342,374)	-	(\$0.08)
diluted per share basis	(0.00)	(\$0.08)	(\$342,374)	-	(\$0.08)
Total Assets	9,738	\$10,207,998	\$2,827,670	24,497,626	\$34,715,362
Total Long Term Liabilities	Nil	Nil	Nil	-	Nil

## PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Resulting Issuer as at December 31, 2017, before and after giving effect to the Acquisition.

<u>Authorized Capital</u>	<u>Orca before giving effect to the Acquisition</u>	<u>CCC before giving effect to the Acquisition</u>	<u>Pro Forma Adjustments</u>	<u>Resulting Issuer after giving effect to the Acquisition</u>
Long-term debt	Nil	Nil	Nil	Nil
Common Shares (unlimited)	57,662,633	18,794,005	110,352,138	101,334,828
Warrants	7,264,533	188,292	Nil	1,231,912

## OPTIONS TO PURCHASE SECURITIES

The Resulting Issuer's option plan will be the option plan of Orca. Upon the completion of the Acquisition no options of the Resulting Issuer will be outstanding, except for those held by Mr. MacMaster described in "Part II – Information Concerning CCC – Options to Purchase Securities".

Upon the completion of the Acquisition, 1,231,912 Common Share purchase warrants of the Resulting Issuer will be outstanding, with each whole Common Share purchase warrant entitling the holder thereof to purchase one (1) Common Share.

## DESCRIPTION OF THE SECURITIES

The share structure and the rights associated with the Common Shares and Orca Special Shares will remain the same after the Acquisition.

## PRO FORMA CAPITALIZATION

The following capitalization information is presented on a post-Orca Share Consolidation basis and assumes completion of the Acquisition.

	<u>Number of Common Shares (non-diluted)<sup>(1)</sup></u>	<u>Number of Common Shares (fully diluted)<sup>(1)</sup></u>	<u>% of Issued (non-diluted)<sup>(1)</sup></u>	<u>% of Issued (fully diluted)<sup>(1)</sup></u>
<b><u>Public Float</u></b>				
Total Outstanding (A)	101,334,828	102,566,739	100%	100%
Held by Related Persons or employees of the Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	60,097,895	60,097,895	59.3%	58.6%
Total Public Float [(A)-(B)]	41,236,933	42,468,844	40.7%	41.4%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding Common Shares subject to resale restrictions, including restrictions imposed by polling or other	65,187,500	65,125,000	64.3%	64.3%

	<u>Number of Common Shares (non-diluted)<sup>(1)</sup></u>	<u>Number of Common Shares (fully diluted)<sup>(1)</sup></u>	<u>% of Issued (non-diluted)<sup>(1)</sup></u>	<u>% of Issued (fully diluted)<sup>(1)</sup></u>
arrangements or in a shareholder agreement and securities held by control block holders (C)				
<b>Total Tradeable Float (A-C)</b>	36,147,328	37,441,739	35.7%	36.9%

**Note:**

(1) As of May 28, 2018. Such numbers do not contemplate the Private Placement being completed. Such numbers do not include those options held by Mr. MacMaster as described in "Part II – Information concerning CCC – Options to Purchase Securities".

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

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of Common Shares</u>
1 - 99 Common Shares	90	3,090
100 - 499 Common Shares	47	7,089
500 - 999 Common Shares	8	5,199
1,000 -1,999 Common Shares	9	12,994
2,000 - 2,999 Common Shares	8	19,294
3,000 - 3,999 Common Shares	2	7,586
4,000 - 4,999 Common Shares	2	8,500
5,000 or more Common Shares	112	40,907,937
Unable to confirm	-	265,244

**Note:**

(1) As of May 28, 2018. Does not include Common Shares issued on the exercise of Orca Warrants not yet processed by the Resulting Issuer's transfer agent and non-public securityholders nor does it include those options held by Mr. MacMaster as described in "Part II – Information Concerning CCC – Options to Purchase Securities". In addition, such numbers do not contemplate the Private Placement being completed.

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

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of Common Shares</u>
1 - 99 Common Shares	70	2,580
100 - 499 Common Shares	44	6,724
500 - 999 Common Shares	7	4,699
1,000 -1,999 Common Shares	7	9,864
2,000 - 2,999 Common Shares	8	19,294
3,000 - 3,999 Common Shares	2	7,586
4,000 - 4,999 Common Shares	2	8,500
5,000 or more Common Shares	110	41,177,686

**Note:**

(1) As of May 28, 2018. Does not include Common Shares issued on the exercise of Orca Warrants not yet processed by Resulting Issuer's transfer agent and non-public securityholders nor does it include those options held by Mr. MacMaster

as described in “Part II – Information Concerning CCC – Options to Purchase Securities”. In addition, such numbers do not contemplate the Private Placement being completed.

### Non-Public Security holders (Registered)<sup>(1)</sup>

Size of Holding	Number of Holders	Total Number of Common Shares
1 - 99 Common Shares	-	-
100 - 499 Common Shares	-	-
500 - 999 Common Shares	-	-
1,000 - 1,999 Common Shares	-	-
2,000 - 2,999 Common Shares	-	-
3,000 - 3,999 Common Shares	-	-
4,000 - 4,999 Common Shares	-	-
5,000 - or more Common Shares	13	60,097,895

**Note:**

- (1) As of May 28, 2018. Does not include Common Shares issued on the exercise of Orca Warrants not yet processed by Resulting Issuer’s transfer agent nor does it include those options held by Mr. MacMaster as described in “Part II – Information Concerning CCC – Options to Purchase Securities”. In addition, such numbers do not contemplate the Private Placement being completed.

### Convertible and Exchangeable Securities

Description of Security (Including conversion/exercise/terms including exercise/conversion price)	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Orca Warrants (\$1.00) <sup>(1)</sup>	763,750	763,750
Orca Warrants (\$1.50) <sup>(2)</sup>	68,337	68,337
Orca Warrants (\$2.00) <sup>(3)</sup>	109,375	109,375
Orca Warrants (\$3.00) <sup>(4)</sup>	145,160	145,160
Orca Warrants (\$20.00) <sup>(5)</sup>	126,576	126,576
Orca Warrants (\$27.50) <sup>(6)</sup>	18,714	18,714
Totals:	1,231,912	1,231,912
Options (\$1.00)	(7)	(7)

**Notes:**

- (1) Each Orca Warrant is exercisable for one Common Share at a price of \$1.00 per Common Share. Of the total of 763,750 Orca Warrants, 368,750 Orca Warrants have an expiration date of February 27, 2019, 370,000 Orca Warrants have an expiration date of March 2, 2019 and 25,000 Orca Warrants have an expiration date of August 31, 2019.
- (2) Each Orca Warrant is exercisable for one Common Share at a price of \$1.50 per Common Share. The Orca Warrants have an expiration date of August 31, 2019.
- (3) Each Orca Warrant is exercisable for one Common Share at a price of \$2.00 per Common Share. Of the total of 109,375 Orca Warrants, 25,000 Orca Warrants have an expiration date of November 30, 2019 and 84,375 Orca Warrants have an expiration date of December 11, 2019.
- (4) Each Orca Warrant is exercisable for one Common Share at a price of \$3.00 per Common Share. Of the total of 145,160 Orca Warrants, 85,160 Orca Warrants have an expiration date of January 19, 2020 and 60,000 Orca Warrants have an expiration date of January 31, 2020.
- (5) Each Orca Warrant is exercisable for one Common Share at a price of \$20.00 per Common Share. Of the total of 126,576 Orca Warrants, 15,577 Orca Warrants have an expiration date of July 27, 2020, 8,976 Orca Warrants have an expiration date of July 28, 2020, 37,266 Orca Warrants have an expiration date of September 25, 2020, 27,645 Orca Warrants have

an expiration date of November 30, 2020, 12,592 Orca Warrants have an expiration date of February 1, 2021, 5,241 Orca Warrants have an expiration date of February 16, 2021, 2,700 Orca Warrants have an expiration date of March 4, 2021, 14,711 Orca Warrants have an expiration date of April 18, 2021 and 1,866 Orca Warrants have an expiration date of August 16, 2021.

- (6) Each Orca Warrant is exercisable for one Common Share at a price of \$27.50 per Common Share. The Orca Warrants have an expiration date of May 11, 2020.
- (7) CCC granted to Mr. MacMaster options to acquire Option Shares (as defined above) having an aggregate value of \$250,000, of which \$50,000 worth of options is exercisable for one Option Share at a price of \$1.00 on the first, second, third, fourth and fifth anniversary dates of the entering into of the MacMaster Employment Agreement (as defined above). See "Part II – Information Concerning CCC – Options to Purchase Securities" for more details.

## ESTIMATED AVAILABLE FUNDS AND PRINCIPAL PURPOSES

### Estimated Available Funds

Based on information available as at May 28, 2018, upon completion of the Acquisition, the Resulting Issuer is expected to have approximately \$16,530,233 in Available Funds, which includes the following:

Estimated Funds Available	Amount (\$)
Pro Forma consolidated working capital <sup>(1)</sup>	16,830,233
Estimated fees and expenses of the Acquisition	300,000
<b>Total Estimated Available Funds</b>	<b>16,530,233</b>

**Note:**

(1) Consolidated working capital is derived from the Pro Forma Financial Statements attached as Appendix "II".

### Principal Purposes of Funds

Based on information available as at May 28, 2018, the following table sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Acquisition and the current estimated amounts to be used for each such principal purpose:

Principal Use of Available Funds	Amount (\$)
Working Capital	7,330,233
Construction of Ontario Facility	3,600,000
Construction of Newfoundland Facility	5,600,000
<b>Total</b>	<b>16,530,233</b>

In addition to commitments shown in the Principal Purposes of Funds table above, the Resulting Issuer may also use available funds for potential future acquisitions as these opportunities arise.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds is necessary in order for the Resulting Issuer to achieve its objectives as set out herein.

## DIVIDEND POLICY

As of May 28, 2018, it is not contemplated that any dividends will be declared and paid in the immediate or foreseeable future following completion of the Acquisition. The Resulting Issuer expects to retain earnings to finance further growth. The Board will determine if and when dividends should be declared and paid in the future and any such determination will be based in part on the financial position, business, environment, operating results, capital requirements, contractual restrictions on paying dividends, if any, and any other factors the Board may consider and deem relevant at the time.

## PRINCIPAL SECURITYHOLDERS

To the knowledge of management of Orca, no person or company is anticipated to own beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Acquisition other than as set out below.

Name	Number of Common Shares	Percentage of Common Shares
Sasha Jacob	49,800,000 <sup>(1)</sup>	49.1% <sup>(2)</sup>

**Notes:**

- (1) Represents Common Shares registered to Jacob Capital Management Inc. (15,000,000), Jacob Capital Securities Inc. (21,000,000), April Jacob (6,600,000) and (7,200,000) held by Sasha Jacob directly.
- (2) The percentage of Common Shares that Sasha Jacob beneficially owns, directly or indirectly, or exercises control and direction over, on a fully diluted basis is 48.6%.

## DIRECTORS AND OFFICERS

The following table lists the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer upon completion of the Acquisition, their proposed positions and offices to be held with the Resulting Issuer, and their principal occupations or employment and the number of securities of the Resulting Issuer which will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon completion of the Acquisition. Brett James and George Smitherman, current directors of CCC, J. Mark Lievonen, current board observer of CCC and Khurram Malik, CCC's current President and Secretary, are expected to serve as directors of the Resulting Issuer.

Name and Municipality of Residence	Principal Occupations for the Last Five Years	Period or periods during which each proposed director has served as a director or officer of CCC or Orca	Proposed Position With the Resulting Issuer	Number and Percent of Common Shares
Brett James Toronto, Ontario	Principal and Partner of Sussex Strategy Group from 2000 to present.	Director of CCC from March 3, 2017 to present	Director	62,500 Common Shares (0.1% of Common Shares)
George Smitherman Toronto, Ontario	Entrepreneur Owner of Smitherman Sustainable Solutions Inc. from April 2014 to present; Consultant and Owner of 7089150 Ontario Ltd. from September 2013 to present; and Consultant Partner of G and G Global Solutions from April 2011 to April 2014.	Director of CCC from March 3, 2017 to present	Director	Nil
Khurram Malik Toronto, Ontario	Head of Research and Research analyst at Jacob Securities Inc. from December 2007 to December 2015; Partner and Head of Research at Jacob Capital Management Inc. from December 2015 to present; President and Secretary of CCC from April 2017 to present.	Officer of CCC from April 1, 2017 to present	Director and Interim Chief Executive Officer	3,000,000 Common Shares (3% of Common Shares)



Name and Municipality of Residence	Principal Occupations for the Last Five Years	Period or periods during which each proposed director has served as a director or officer of CCC or Orca	Proposed Position With the Resulting Issuer	Number and Percent of Common Shares
J. Mark Lievonen <sup>(2)</sup> Toronto, Ontario	Mr. Lievonen held the position of President of Sanofi Pasteur Limited, a vaccine development, manufacturing and marketing company, from 1999 to 2016. He is a Director of Acerus Pharmaceuticals Corporation, Quest PharmaTech Inc., and the Gairdner Foundation. Mr. Lievonen has served on a number of industry and notfor-profit boards including as the chair of Rx&D (now Innovative Medicines Canada), BIOTECanada, and the Markham Stouffville Hospital Foundation, as Vice-Chair of the Ontario Institute for Cancer Research, as a Director of the Public Policy Forum, and as a Governor of York University Mr. Lievonen was appointed to the Order of Canada in 2015, named a Chevalier de l'Ordre National de Mérite by the government of France in 2007, and inducted into the Canadian Healthcare Marketing Hall of Fame in 2013.	Board Observer from May 23, 2018 to present	Director	Nil
Abbey Abdiye Vancouver, British Columbia	Chartered Professional Accountant (CPA) and Certified Management Accountant (CMA). Currently Chief Financial Officer of Orca, Tower One Wireless Corp., a CSE-listed company, Ceylon Graphite Corp., a TSX-listed company; and Crop Infrastructure Corp., a CSE-listed company. Former Chief Financial Officer of Biomark Diagnostics Inc., a CSE-listed company.	Officer of Orca from June 7, 2017	Chief Financial Officer	Nil

**Notes:**

- (1) The Audit Committee of the Resulting Issuer is expected to be comprised of Brett James, George Smitherman and Mark Lievonen. Any other committees of the Resulting Issuer and their composition will be determined by board of directors of the Resulting Issuer.
- (2) Mr. Lievonen was appointed to the board of directors of CCC as an observer on May 23, 2018 and will be nominated for election to the board of directors of CCC at the CCC Meeting. If elected, Mr. Lievonen will continue as a director of the Resulting Issuer.

As a group, the directors and officers of the Resulting Issuer will hold approximately 3,062,500 consolidated Common Shares, representing 3% of all issued and outstanding Common Shares.

The following is a brief description of each of the proposed directors members of management for the Resulting Issuer (including details with regard to their principal occupations for the last five years):

**Khurram Malik** is a proposed director and interim CEO of the Resulting Issuer and is currently the President and Secretary of CCC. Mr. Malik also holds the position of Partner and Head of Research at Jacob Capital Management Inc., an advisory firm that provides strategic and financial advisory services to companies in the power, infrastructure, technology, energy and mining sectors. Mr. Malik has worked in capital markets for over 15 years with companies ranging in size from Berkshire Hathaway and American International Group to early stage cannabis and cleantech companies. His career spans from working in New York with UBS PaineWebber and Morgan Stanley to leading boutique investment banks in Canada. The bulk of Mr. Malik's career has been in the equity research realm with coverage of the property-casualty insurance, industrials, airlines, hardware technology, cleantech, cannabis, and water sectors.

With respect to cannabis, Mr. Malik was the first research analyst in North America to publish a report on the sector and is regularly quoted in the media with respect to his views and forecasts on the global cannabis market. Moreover, Mr. Malik has provided financial and strategic advice over the last five years to over 20 cannabis companies around the world including applicants and licensed producers in Canada. With respect to CCC, Mr. Malik was tasked with designing a platform that would not only create compelling value for shareholders, but also grow to be a leading global platform 5-10 years out in what is currently a young industry that is constantly changing. It is expected that Mr. Malik will devote 60% of his time to the business of the Resulting Issuer. Mr. Malik is an independent contractor of the Resulting Issuer and it is not anticipated that Mr. Malik will enter into an employment, non-competition or non-disclosure agreement with the Resulting Issuer.

**Brett James** is a proposed director of the Resulting Issuer and is currently the Vice President of Sussex Strategy Group (**Sussex**). Prior to joining Sussex, Mr. James operated his own consulting practice servicing clients in government as well as in the health care, finance and energy sectors. He also spent two years as a Senior Associate at APCO Canada, part of one of the world's largest public affairs agencies. Before entering the private sector, Mr. James worked for Ontario's Minister of Health, serving as a senior advisor and Communications Assistant to the Minister. He was involved in the development and roll-out of several government initiatives ranging from hospital restructuring, dialysis and MRI expansions, to physician negotiations and drug regulatory reform. Prior to and through the 1995 Ontario provincial election, Mr. James held several different positions in the office of former Premier Mike Harris where he played a key role in developing the party's outreach capabilities, as well as providing event and issue briefings to the leader. Mr. James remains heavily involved in local, provincial and federal politics. It is expected that Mr. James will devote 20% of his time to the business of the Resulting Issuer. Mr. James is an independent contractor of the Resulting Issuer and it is not anticipated that Mr. James will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

**George Smitherman** is a proposed director of the Resulting Issuer. Mr. Smitherman currently provides investing and consulting services to Smitherman Sustainable Solutions Inc. and 7089150 Ltd. Mr. Smitherman is currently a director of THC BioMed Intl Ltd. and Global UAV Technologies Ltd. Mr. Smitherman was the Principal and Chairman of G&G Global Solutions from April, 2011 until April, 2014. Mr. Smitherman was formerly the CEO and a director of Alta Vista Ventures Ltd. (now Global UAV Technologies Ltd.). During a 12-year career in politics, Mr. Smitherman has held several key positions in the Ontario Government, including Minister of Health and Deputy Premier. Mr. Smitherman is an advocate for renewable energy and a noted expert on energy and infrastructure policy. Mr. Smitherman's tenure as Ontario Minister of Energy & Infrastructure was distinguished by the seminal *Green Energy Act*. He serves as a Member of Advisory Board at Inerjys Ventures Inc. He was also a candidate for the mayoralty of Toronto. It is expected that Mr. Smitherman will devote 20% of his time to the business of the Resulting Issuer. Mr. Smitherman is an independent contractor of the Resulting Issuer and it is not anticipated that Mr. Smitherman will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

**J. Mark Lievonen** is a proposed director of the Resulting Issuer. Mr. Lievonen is President of Sanofi Pasteur Limited, the Canadian vaccine division of Sanofi, which he joined in 1983. Under his leadership, Sanofi Pasteur has become a billion-dollar enterprise in Canada, manufacturing over 50 million doses of vaccines for both domestic and international markets. A veteran of the industry for over 30 years, Mark began his career in Finance and rose through Sanofi Pasteur's ranks, guiding the company through a

number of significant milestones and initiatives. Beyond his work in the biopharmaceutical industry, Mr. Lievonen has always been a passionate advocate for public health access, education, and giving back to the community. He is a former Chair of the Markham Stouffville Hospital Foundation, and served as an ex-officio member on the Markham Stouffville Hospital Board. Mr. Lievonen received the Queen's Golden and Diamond Jubilee Medallions, Lifetime Achievement Awards from Life Sciences Ontario and the Pharmaceutical Sciences Group, an Honorary Doctor of Laws degree from York University and in 2015 Mr. Lievonen was appointed to the Order of Canada. He was named a Chevalier de l'Ordre National de Mérite by the government of France in 2007, and was inducted into Canadian Healthcare Marketing Hall of Fame in 2013. It is expected that Mr. Lievonen will devote 20% of his time to the business of the Resulting Issuer. Mr. Lievonen is an independent contractor of the Resulting Issuer and it is not anticipated that Mr. Lievonen will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

**Abbey Abdiye** is the proposed Chief Financial Officer of the Resulting Issuer. Mr. Abdiye has extensive experience in the financial sector in both public and private companies. He is a Chartered Professional Accountant (CPA), and currently the Chief Financial Officer of Orca, Ceylon Graphite Corp., Tower One Wireless Corp. and Crop Infrastructure Corp., where he is responsible for all financial, fiscal management, regulatory compliance matters and reporting aspects of company operations. Mr. Abdiye also provides strategic guidance and direction in capital structuring and engages in innovative financing programs to leverage sales and development. As Chief Financial Officer, Mr. Abdiye will provide leadership and coordination in the administrative, business planning, reporting, and budgeting efforts of the Resulting Issuer. He will oversee the Resulting Issuer's financial reporting, internal controls, corporate governance management systems, annual audit and regulatory compliance matters. Mr. Abdiye obtained a Bachelor of Business Administration degree from Simon Fraser University and a Co-op Education certificate. It is expected that Mr. Abdiye will devote approximately 30% of his time to the business of the Resulting Issuer to effectively fulfill his duties as the Chief Financial Officer. Mr. Abdiye is an independent contractor of the Resulting Issuer. It is not anticipated that Mr. Abdiye will enter into an employment, non-competition, or confidentiality agreement with the Resulting Issuer.

### **Work Commitment to the Resulting Issuer**

All of the proposed executive officers of the Resulting Issuer will work on a part time basis for the Resulting Issuer. None of the executive officers of the Resulting Issuer are anticipated to enter into employment agreements with the Resulting Issuer. The directors will devote their time and expertise as required by the Resulting Issuer.

### **Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of Orca, as of the date hereof and within the ten years before the date hereof, no proposed director or officer of the Resulting Issuer is or has been a director or officer of any person or company 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 law, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

## Penalties or Sanctions

To the knowledge of Orca, no proposed director or officer of the Resulting Issuer has:

- (a) 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
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Acquisition.

## Personal Bankruptcies

To the knowledge of Orca, no director or officer of the Resulting Issuer, or a personal holding company of any of them, has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements, or compromise with creditors or had a receiver manager or trustee appointed to hold the assets of that individual.

## Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon Closing are also directors, officers and/or promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Orca and CCC, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon Closing, as of the date hereof.

## Other Reporting Issuer Experience

The following table sets out the proposed directors or officers of the Resulting Issuer that are, or have been within the last five years, directors or officers of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
<b>Brett James</b>	Ceylon Graphite Corp. (TSX-V)	Director	December 28, 2016	Present
<b>George Smitherman</b>	Ceylon Graphite Corp. (TSX-V) THC BioMed Intl Ltd. (CSE) Global UAV Technologies Inc.	Director Director CEO and Director	December 28, 2016 January 14, 2015 January 22, 2016	Present Present June, 2017
<b>J. Mark Lievonen</b>	Acerus Pharmaceuticals Corporation (TSX) Oncolytics Biotech Inc. (TSX) Quest PharmaTech Inc. (TSX-V) Sanofi Pasteur Limited	Director Director Director President	December 7, 2017 April 5, 2004 July 13, 2017 March 1999	Present Present Present December 2016
<b>Abbey Abdiye</b>	Ceylon Graphite Corp. (TSX-V) Tower One Wireless Corp. (CSE, OTCBB) Crop Infrastructure Corp. (CSE) Orca (CSE)	CFO CFO CFO and Director CFO	January 22, 2017 April 27, 2016 November 15, 2016 June 7, 2017	Present Present Present Present

## EXECUTIVE COMPENSATION

The objectives, criteria and analysis of the compensation of the executive officers of the Resulting Issuer will be determined by the board of directors of the Resulting Issuer and are expected to be substantially similar to how CCC compensated its executive officers.

The NEOs of the Resulting Issuer shall consist of Khurram Malik, Interim CEO of the Resulting Issuer, and Abbey Abdiye, CFO of the Resulting Issuer. It is expected that the Resulting Issuer will enter into a consulting agreement with Khurram Malik (CEO). Mr. Malik is expected to receive an annual base salary of approximately \$100,000. It is expected that the Resulting Issuer will enter into a consulting agreement with Abbey Abdiye (CFO). Mr. Abdiye is expected to receive an annual base salary of approximately \$60,000. Following completion of the Acquisition and subject to the policies of the Exchange, Mr. Malik and Mr. Abdiye may receive compensation securities of the Resulting Issuer but such issuances and amounts have not yet been determined.

### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No director, officer, promoter, member of management, nominee for election as director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to Orca or CCC or is expected to be indebted to the Resulting Issuer following the closing of the Acquisition.

### **PROMOTERS**

Orca entered into the Consulting Agreement with Marksman to provide promotional and investor services for Orca, and following completion of the Acquisition, the Resulting Issuer.

Marksman was engaged by Orca to provide Investor Relations services effective September 1, 2017. Marksman is headquartered at Suite 600 – 535 Howe Street, Vancouver, British Columbia, V6C 2Z4. Marksman's principal business is an administration and contracting services company, specializing in new project generation and identification of emerging discovery trends. Marksman's core sectors of expertise are capital markets, go public consulting and mergers and acquisitions. In connection with providing promotional and investor services for Orca, and following completion of the Acquisition, the Resulting Issuer, Marksman will receive the following fees:

- a finder's fee in the amount of 1.50% of the market capitalization of CCC to a maximum of \$100,000,000 determined on the date of closing of the Acquisition to be payable in cash and/or Common Shares, at the election of Marksman and subject to the approval of the Exchange;
- issuance of 1,000,000 common share purchase warrants, each whole warrant entitling Marksman to acquire a Common Share at an exercise price of \$1.00 per Common Share for a period of three years from the date of grant; and
- a fee of \$1.00 plus GST for a one year term of communication and capital market advisory services upon completion of the Acquisition.

Pursuant to the terms of the Consulting Agreement, Marksman provided the following services:

- introducing Orca to private companies looking to go public by way of reverse take-over;
- coordinating marketing efforts on behalf of Orca;
- introducing Orca to and liaising on behalf of Orca with writers for and publishers of relevant subscriber based publications, including newspapers, magazines, business publications and financial publications;
- advising Orca with respect to its public communication materials, including Orca's website and presentations developed for industry meetings, conferences and tradeshow;

- meeting and communicating with corporate analysts, institutional and professional investors, retail clients and stockbrokers;
- assisting Orca with all work necessary to prepare for meetings and presentations with investors; and
- such other services as Orca and Marksman may from time to time agree upon.

Sasha Jacob is considered a promoter of CCC and may be considered a promoter of the Resulting Issuer. Mr. Jacob holds 9,960,000 CCC Common Shares (of which 3,000,000 CCC Common Shares are held indirectly through Jacob Capital Management Inc., 4,200,000 CCC Common Shares are held indirectly through Jacob Securities Holdings Inc., 1,320,000 CCC Common Shares are held indirectly through April Jacob and 1,440,000 CCC Common Shares are held by Sasha Jacob directly), which represents 49.7% of the issued and outstanding CCC Common Shares and will hold 49,800,000 Common Shares upon completion of the Acquisition, which represents 49.1% of the issued and outstanding Common Shares.

## **ESCROWED SECURITIES**

### **Escrow Agreements**

It is expected that officers, directors and promoters of the Resulting Issuer will be subject to the escrow requirements imposed by the CSE and National Policy 46-201 – *Escrow for Initial Public Offerings*.

## **PART IV – RISK FACTORS**

The current business of CCC and its subsidiaries will be the business of the Resulting Issuer upon completion of the Acquisition. Accordingly, risk factors relating to CCC's current business will be risk factors relating to the Resulting Issuer's business and references to CCC in these risk factors should, where the context requires, be read to include the risks of the Resulting Issuer. Due to the nature of CCC's business, the legal and economic climate in which it operates and its present stage of development, CCC is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and CCC may face. CCC's future development and operating results may be very different from those expected as at the date of the Listing Statement. Additional risks and uncertainties not presently known to CCC or that CCC currently considers immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Common Shares to decline. If any of the following or other risks occur, the Resulting Issuer's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Common Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Readers should carefully consider all such risks and other information elsewhere in the Listing Statement before making an investment in CCC or the Resulting Issuer and should not rely upon forward-looking statements as a prediction of future results. Risk factors relating to CCC and therefore the Resulting Issuer, include, but are not limited to, the factors set out below.

## **BUSINESS RISKS**

### **Reliance on Licenses**

CCC's ability to cultivate, store and (eventually) sell cannabis for medical purposes in Canada is dependent on its licenses and, in particular, its Highland Grow Licence. The Highland Grow Licence is subject to ongoing compliance, reporting requirements and renewal. The Highland Grow Licence expires on December 1, 2020. Although CCC believes it will meet the requirements of the ACMPR for future renewals of the Highland Grow Licence, there can be no guarantee that Health Canada will renew the

Highland Grow Licence or, if renewed, that it will be renewed on the same or similar terms or that Health Canada will not revoke the Highland Grow Licence. Should CCC fail to comply with the requirements of the Highland Grow Licence or should Health Canada not renew the Highland Grow Licence when required, or renew the Highland Grow Licence on different terms or revoke the Highland Grow Licence, there would be a material adverse effect on CCC's business, financial condition and results of operations.

There can be no guarantee that the additional ACMPR applications currently under review in connection with the P-209 Application or the Back House Application will be granted, or if granted, will be granted on terms acceptable to the Resulting Issuer.

Government licences are currently, and in the future may be, required in connection with CCC's operations, in addition to other currently unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, CCC may be prevented from operating and/or expanding its business, which could have a material adverse effect on CCC's business, financial condition and results of operations.

### **Regulatory Compliance**

Successful execution of CCC's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities, including the ACMPR and the Cannabis Act and its regulations, and obtaining all regulatory approvals, permits and licenses where necessary, for the future sale of its products. The commercial medical cannabis industry is a new industry in Canada and the ACMPR is a new regime and has no close precedent in Canadian law. The effect of Health Canada's administration, application and enforcement of the regime established by the ACMPR and/or the Cannabis Act on CCC and its business, and any delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required, may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on CCC's business, financial condition and results of operations.

### **Legislation Changes**

CCC's operations are subject to the ACMPR and various other laws, regulations and guidelines relating to the manufacture, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis for medical purposes but also includes laws and regulations relating to controlled substances, health and safety, privacy, the conduct of operations and the protection of the environment. To the knowledge of CCC's management, other than routine corrections that may be required by Health Canada from time to time, CCC is currently in material compliance with all existing laws, regulations and guidelines. If any changes to such laws, regulations or guidelines occur, which are matters beyond the control of CCC, CCC may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on CCC's business, financial condition and results of operations.

Furthermore, the legislative framework pertaining to the Canadian adult-use cannabis market will be subject to significant provincial and territorial regulation, which may vary across provinces and territories and result in an asymmetric regulatory and market environment, different competitive pressures and significant additional compliance and other costs and/or limitations on CCC's ability to participate in such markets. While the impact of any new legislative framework for the regulation of the Canadian adult-use cannabis market is uncertain, any of the foregoing could result in a material adverse effect on CCC's business, financial condition and operating results.

### **Effects of Medical Cannabis**

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated

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

### **Reliance on Facilities**

CCC's activities and resources are currently primarily focused on the Nova Scotia Facility to which the Highland Grow Licence is tied. Adverse changes or developments affecting the Nova Scotia Facility, including but not limited to a force majeure event or a breach of security, could have a material adverse effect on the CCC's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on CCC's ability to continue operating under the Highland Grow Licence or the prospect of renewing the Highland Grow Licence or would result in a revocation of the Highland Grow Licence.

If CCC is unable to secure a commercial production licence in respect of the Nova Scotia Facility and cultivation licences in respect of the Ontario Facility and Newfoundland Facility, the expectations of management with respect to the increased future cultivation and growing capacity may not be borne out, which could have a material adverse effect on CCC's business, financial condition and results of operations. Further, construction delays or cost over-runs in respect of the build-outs of the Nova Scotia Facility, the Ontario Facility and the Newfoundland Facility, howsoever caused, could have a material adverse effect on CCC's business, financial condition and results of operations.

### **Industry Risks**

CCC is operating its business in a relatively new medical cannabis industry and market. In addition to being subject to general business risks, this is a business involving an agricultural product and a regulated consumer product, and CCC needs to continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote CCC's brand and products as effectively as intended, or at all. Competitive conditions, consumer tastes, patient requirements and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets.

In addition, the ACMPR also permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis on their behalf and the Cannabis Act permits personal cultivation as well. This could potentially significantly reduce the market for CCC's products, which could have a material adverse effect on CCC's business, financial condition and results of operations.

Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the medical and adult-use cannabis industry and market could have a material adverse effect on CCC's business, financial condition and results of operations.

### **Competition**

CCC does currently face and expects to continue to face intense competition from other Licensed Producers and companies, some of which can be expected to have longer operating histories and more financial resources, manufacturing and marketing experience than CCC. In addition, there is potential that the medical cannabis industry will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities, and products that are greater than those of CCC.



As a result of this competition, CCC may be unable to maintain its operations or develop them as currently proposed on terms it considers acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect CCC's business, financial condition and results of operations.

There are several hundred applicants for Licensed Producer status. The number of licences granted and the number of Licensed Producers ultimately authorized by Health Canada could have an impact on the operations of CCC. CCC expects to face additional competition from new market entrants that are granted licences under the ACMPR or existing licence holders which are not yet active in the industry. If a significant number of new licences are granted by Health Canada in the near term, CCC may experience increased competition for market share and may experience downward price pressure on its products as new entrants increase production. CCC also faces competition from illegal dispensaries and the black market that are unlicensed and unregulated, and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, and using delivery methods, including edibles and extract vaporizers, that CCC is prohibited from offering as they are not currently permitted by the ACMPR or otherwise. Any inability or unwillingness of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could result in the perpetuation of the black market for cannabis and/or have a material adverse effect on the perception of cannabis use. Any or all of these events could have a material adverse effect on CCC's business, financial condition and results of operations.

If the number of users of cannabis for medical purposes in Canada increases, the demand for products will increase and CCC expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, CCC will require a continued high level of investment in research and development, sales and patient support. CCC may not have sufficient resources to maintain research and development, sales and patient support efforts on a competitive basis which could have a material adverse effect on CCC's business, financial condition and results of operations.

### **Key Persons**

The success of CCC is currently largely dependent on the performance of its management team and the management team of its subsidiaries (collectively, **Key Persons** and each, a **Key Person**). CCC's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and CCC may incur significant costs to attract and retain them. In addition, CCC's lean management structure may be strained as CCC pursues growth opportunities in the future. The loss of the services of a Key Person, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on CCC's ability to execute on its business plan and strategy, and CCC may be unable to find adequate replacements on a timely basis, or at all. CCC does not currently maintain key-person insurance on the lives of any of its Key Persons.

Further, each Key Person of a Licensed Producer is subject to a security clearance by Health Canada. Currently, under the ACMPR a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of CCC's existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by a Key Person to maintain or renew his or her security clearance, would result in a material adverse effect on CCC's business, financial condition and results of operations. In addition, if a Key Person leaves CCC, and CCC is unable to find a suitable replacement that has a security clearance required by the ACMPR in a timely manner, or at all, there could occur a material adverse effect on CCC's business, financial condition and results of operations.

## **Risks Inherent in an Agricultural Business**

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

## **Reliance on Local Provincial Regulators**

In each province in which CCC operates, subject to the receipt of requisite licenses and approvals from Health Canada and provincial legislation, the local provincial regulators (such as Liquor Control Boards) will be CCC's largest sales channel. If CCC is not able to meet the standards of contract, CCC's ability to generate predictable cash flow in those relevant provinces could be severely altered.

## **Factors which may Prevent Realization of Growth Targets**

CCC is currently in the early development stage. CCC's growth strategy contemplates outfitting facilities with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

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

As a result, there is a risk that CCC may not meet the anticipated demand or to meet future demand when it arises.

CCC may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, CCC expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If CCC's revenues do not increase to offset these expected increases in costs and operating expenses, CCC will not be profitable.

## **Limited Operating History**

CCC is an early stage company having been founded in late 2016 and, as a result, it has a limited operating history upon which its business and future prospects may be evaluated. CCC will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for CCC to meet future operating requirements, CCC will need to continue to be successful in its marketing and sales efforts. Additionally, where CCC experiences increased sales, CCC's current operational infrastructure may require changes to scale CCC's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. If CCC's products and services are not accepted by new customers, CCC's operating results may be materially and adversely affected.

## **Additional Financing**

The acquisition of ACMPR applications or other similar entities, the building and operation of production facilities and businesses are capital intensive activities. In order to execute the anticipated growth strategy, CCC will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to CCC when needed or on terms which are acceptable. CCC's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit CCC's growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. 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 CCC to obtain additional capital and to pursue business opportunities, including potential acquisitions.

## **Vulnerability to Rising Energy Costs**

Medical (and eventually adult-use) cannabis growing operations consume considerable energy, making such operations vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of CCC and its ability to operate profitably.

## **Transportation Disruptions**

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

## **Unfavourable Publicity or Consumer Perception**

CCC believes the medical and adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of cannabis products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for CCC's products and the business, results of operations, financial condition and cash flows of CCC. CCC's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on CCC, the demand for medical and/or adult-use cannabis products, and the business, results of operations, financial condition and cash flows of CCC. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical and/or adult-use cannabis in general, or CCC's products specifically, or associating the consumption of medical and/or adult-use cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

## **Product Liability**

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

The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of CCC's potential products.

## **Product Recalls**

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any medical or adult-use cannabis products are recalled due to an alleged product defect or for any other reason, CCC could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Further, a product recall may trigger a significant decline in sales and CCC may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention which will take attention away from managing and growing the business. Although CCC intends to have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of CCC's products were subject to recall, the image of that brand and CCC could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for CCC's products and could have a material adverse effect on the results of operations and financial condition of CCC. Additionally, product recalls may lead to increased scrutiny of CCC's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

## **Reliance on Key Inputs**

CCC's business will be dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of CCC. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, CCC might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to CCC in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of CCC.

## **Difficulty to Forecast**

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

## **Operating Risk and Insurance Coverage**

CCC intends to obtain insurance to protect its assets, operations and employees. While CCC believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which CCC is exposed. In addition, no assurance can be given that such insurance will be adequate to cover CCC's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If CCC were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if CCC were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

## **Holding Company**

CCC is a holding company and its principal assets are its ownership of equity interests in its subsidiaries. It has no independent means of generating revenue. It intends to cause its subsidiaries to make distributions to it as the direct or indirect holder of 100% of the equity interests of such subsidiaries in amounts sufficient to make payments in respect of its obligations. To the extent that it needs funds and its subsidiaries are unable or otherwise restricted from making such distributions under applicable law, regulation or due to contractual obligations, its liquidity and financial condition could be adversely affected.

## **Acquisitions and Integration**

CCC examines on a regular basis opportunities to acquire additional assets and businesses. Any acquisition that CCC may choose to complete may be of a significant size, may change the scale of CCC's business and operations, and may expose CCC to new geographic, political, operating and financial risks. CCC's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of CCC. Any acquisitions would be accompanied by risks. For example, CCC may have difficulty integrating and assimilating the operations and personnel of any acquired companies or assets, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization. The integration of the acquired business or assets may disrupt CCC's ongoing business and its relationships with employees and customers. In the event that CCC chooses to raise debt capital to finance any such acquisition, CCC's leverage will be increased. If CCC chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution and such dilution could be significant. Alternatively, CCC may choose to finance any such acquisition with its existing resources. There can be no assurance that CCC would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Further, the acquired business or assets may have unknown liabilities which may be significant. Although management will attempt to evaluate the risks inherent in each transaction and to evaluate acquisition candidates appropriately, it may not properly ascertain all such risks and the acquired businesses and assets may not perform as expected or enhance the value of the Resulting Issuer as a whole. Acquired companies or businesses also may have larger than expected liabilities that are not covered by the indemnification, if any, that CCC is able to obtain from the sellers. Furthermore, the historical financial statements of the companies CCC has acquired or may acquire in the future are often prepared by

management of such companies and are not necessarily independently verified by management of CCC. In addition, any pro forma financial statements prepared by CCC to give effect to such acquisitions may not accurately reflect the results of operations of such companies that would have been achieved had the acquisition of such entities been completed at the beginning of the applicable periods. Finally, there are no assurances that CCC will continue to acquire businesses at valuations consistent with its prior acquisitions or that it will complete acquisitions at all.

### **Legal Proceedings**

From time to time, CCC may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. CCC will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on CCC's financial results.

## **FINANCIAL AND ACCOUNTING RISKS**

### **Access to Capital**

In executing its business plan, CCC makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. CCC will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. CCC may incur major unanticipated liabilities or expenses. CCC can provide no assurance that it will be able to obtain the necessary financing to meet the growth needs of CCC.

### **Completion of the Private Placement**

There can be no assurance that the Private Placement will be completed. CCC's ability to execute its anticipated business strategy may be limited if the Private Placement is not completed and may have a material adverse effect upon CCC's ability to operate profitably.

### **Estimates or Judgments Relating to Critical Accounting Policies**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. CCC bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the CCC Annual MD&A attached as Appendix "I", the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. CCC's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause CCC's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Resulting Issuer. Significant assumptions and estimates used in preparing the financial statements include but are not limited to the following: significant accounting estimates (including inputs used in impairment calculations; the assessment of indications of impairment of the property, plant and equipment and related determination of useful lives of property, plant and equipment; the measurement of deferred income tax assets and liabilities; and the inputs used in accounting for share-based payments) and significant accounting judgments (including assessments of indications of impairments; judgments used in determining if an acquisition constitutes a business combinations or asset acquisition; the determination of categories of financial assets and financial liabilities; and the evaluation of the CCC's ability to continue as a going concern).

## **Tax Risks**

The Resulting Issuer will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Resulting Issuer's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Resulting Issuer may have exposure to greater than anticipated tax liabilities or expenses. The Resulting Issuer will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by various taxation authorities and the determination of the Resulting Issuer's provision for income taxes and other tax liabilities will require significant judgment.

## **RISKS RELATED TO THE COMMON SHARES AND COMPLETION OF THE ACQUISITION**

### **Market for the Common Shares**

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include, but are not limited to: (i) announcements of new offerings, products, services or technologies; commercial relationships, acquisitions or other events by the Resulting Issuer or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of medical cannabis companies; (iv) fluctuations in the trading volume of the Common Shares or the size of the Resulting Issuer's public float; (v) actual or anticipated changes or fluctuations in the Resulting Issuer's results of operations; (vi) whether the Resulting Issuer's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving the Resulting Issuer, its industry, or both; (ix) regulatory developments in Canada, the United States, and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases or sales of large blocks of the Common Shares; (xiii) departures of Key Persons or members of management; or (xiv) an adverse impact on the Resulting Issuer from any of the other risks cited in the Listing Statement.

### **Reporting Issuer Status**

From the date of incorporation to the date of the Listing Statement, CCC has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the Exchange. As a reporting issuer, the Resulting Issuer will be subject to reporting requirements under applicable securities law and stock exchange policies. CCC is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to CCC's financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Resulting Issuer will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. The Resulting Issuer may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses. Management of CCC expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Resulting Issuer to retain qualified directors and executive officers.

### **Significant Sales of Common Shares**

Although Common Shares held by existing shareholders of Orca are expected to be freely tradable under applicable securities legislation, the Common Shares held by CCC's directors, executive officers, Control Persons and certain other securityholders of CCC will be subject to escrow resale restrictions pursuant to the policies of the CSE. Sales of a substantial number of the Common Shares in the public market after the expiry of escrow restrictions, or the perception that these sales could occur, could adversely affect the market price of the Common Shares and may make it more difficult for investors to sell Common Shares at a favourable time and price.

### **Analyst Coverage**

The trading market for the Common Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about the Resulting Issuer or its business. The Resulting Issuer will not have any control over these analysts. If one or more of the analysts who covers the Resulting Issuer should downgrade the Common Shares or change their opinion of the Resulting Issuer's business prospects, the Resulting Issuer's share price would likely decline. If one or more of these analysts ceases coverage of the Resulting Issuer or fails to regularly publish reports on the Resulting Issuer, the Resulting Issuer could lose visibility in the financial markets, which could cause the Resulting Issuer's share price or trading volume to decline.

### **Completion of the Acquisition is Subject to Conditions Precedent**

The completion of the Acquisition is subject to a number of conditions precedent, including the approval by the CSE, Orca Shareholders, CCC Shareholders and regulatory authorities. Certain of such conditions precedent are outside the control of either or both of Orca and CCC, and there can be no assurance that these conditions will be satisfied.

### **Termination of the Amalgamation Agreement**

The Amalgamation Agreement specifies that the parties' obligation to effect the Acquisition is conditional upon the satisfaction of a number of conditions, including receipt of all required regulatory approvals. If any of these conditions are not satisfied or waived, the Acquisition may not be completed. Each of Orca and CCC has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of Closing, to terminate the Amalgamation Agreement. Accordingly, Orca or CCC cannot provide any assurance, that the Amalgamation Agreement will not be terminated by either of Orca or CCC prior to the completion of the Acquisition.



## **PART V – GENERAL MATTERS**

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

On completion of the Acquisition, the auditor of the Resulting Issuer is expected to be Manning Elliott LLP, located at 1050 W Pender St #1100, Vancouver, BC V6E 3S7.

On completion of the Acquisition, Computershare Investor Services Inc. located at 510 Burrard St, Vancouver, British Columbia V6C 3B9 will be the transfer agent and registrar for the Resulting Issuer.

### **EXPERTS**

No experts, including individuals or companies who are named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement have, or will have immediately following completion of the Acquisition, any direct or indirect interest in the Resulting Issuer or CCC.

### **OTHER MATERIAL FACTS**

Orca is not aware of any other material facts relating to Orca, CCC or the Resulting Issuer that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to Orca, CCC and the Resulting Issuer, assuming completion of the Acquisition, other than those set forth herein.

**APPENDIX "I"**

**AUDITED FINANCIAL STATEMENTS & MD&A OF CCC**

**The audited financial statements of CCC for the years ended December 31, 2017 and 2016**

**&**

**The MD&A of CCC for the year ended December 31, 2017**

**&**

**The audited financial statements of Highland Grow (formerly known as THC Dispensaries Canada Inc.) for the years ended December 31, 2017 and 2016**

**&**

**The MD&A of Highland Grow (formerly known as THC Dispensaries Canada Inc.) for the year ended December 31, 2017**

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**CULTIVATOR CATALYST CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT**  
**DECEMBER 31, 2017 AND 2016**

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## INDEPENDENT AUDITORS' REPORT

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To the Directors of  
Cultivator Catalyst Corp.

We have audited the accompanying consolidated financial statements of Cultivator Catalyst Corp. which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2017 and the period from the incorporation date of November 22, 2016 to December 31, 2016, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 audits 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 Cultivator Catalyst Corp. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the year ended December 31, 2017 and the period from the incorporation date of November 22, 2016 to December 31, 2016 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 Cultivator Catalyst Corp. to continue as a going concern.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
May 28, 2018

**CULTIVATOR CATALYST CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	December 31, 2017	December 31, 2016
	\$	\$
<b>ASSETS</b>		
CURRENT		
Cash	3,071,290	-
Amounts receivable	341,922	-
Prepaid expenses	41,161	-
	3,454,373	-
PROPERTY, PLANT AND EQUIPMENT (Note 6)	2,379,312	-
GOODWILL (Note 5)	4,374,313	-
	10,207,998	-
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	261,194	6
Due to related parties (Note 8)	167,448	-
	428,642	6
<b>EQUITY</b>		
SHARE CAPITAL (Note 7)	10,440,558	-
CONTRIBUTED SURPLUS	166,400	-
DEFICIT	(827,602)	(6)
	9,779,356	(6)
	10,207,998	-

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on May 28, 2018

"Brett James" Director "George Smitherman" Director

The accompanying notes are an integral part of these consolidated financial statements

**CULTIVATOR CATALYST CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE PERIODS ENDED DECEMBER 31**  
(Expressed in Canadian dollars)

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>EXPENSES</b>		
Automobile expenses	7,722	-
Finance charges and interest	50,973	6
Insurance	12,726	-
Office and miscellaneous	17,369	-
Professional fees	416,348	-
Rent	50,852	-
Salaries and wages	279,329	-
Travel	4,375	-
Utilities	3,248	-
Loss before other items	842,942	
<b>OTHER ITEM</b>		
Gain on debt settlement	(15,346)	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>827,596</b>	<b>6</b>
<b>LOSS PER SHARE – Basic and diluted</b>	<b>0.05</b>	<b>-</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>15,706,958</b>	<b>12,000,000</b>

The accompanying notes are an integral part of these consolidated financial statements

**CULTIVATOR CATALYST CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)

	Common Shares		Class C Shares	Contributed Surplus	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance, incorporation date (Note 7)	12,000,000	-	-	-	-	-
Net loss for the period	-	-	-	-	(6)	(6)
Balance, December 31, 2016	12,000,000	-	-	-	(6)	(6)
Issuance of shares (Note 7)	5,153,238	6,255,607	-	-	-	6,255,607
Share issuance costs (Note 7)	21,333	(505,200)	-	166,400	-	(338,800)
Issuance of shares for acquisition of THCD (Note 5)	1,550,000	2,250,000	2,336,000	-	-	4,586,000
Issuance of shares for debits (Note 7)	69,434	104,151	-	-	-	104,151
Net loss for the year	-	-	-	-	(827,596)	(827,596)
Balance, December 31, 2017	18,794,005	8,104,558	2,336,000	166,400	(827,602)	9,779,356

During the year the Company issued 1 Special Class B and 1 Special Class C share as described in Note 5. The Special Class B Share was converted to 525,000 common shares and included in the shares issued for the acquisition of THCD above. 1 Special Class C share remains outstanding at December 31, 2017.

The accompanying notes are an integral part of these consolidated financial statements

**CULTIVATOR CATALYST CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED DECEMBER 31**  
(Expressed in Canadian dollars)

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(827,596)	(6)
Items not involving cash:		
Gain on debt settlement	(15,346)	-
	(842,942)	(6)
Changes in non-cash working capital balances:		
Amounts receivable	(341,922)	-
Prepaid expenses	(41,160)	-
Accounts payable and accrued liabilities	(167,991)	6
Due to related parties	167,448	-
Cash used in operating activities	(1,226,567)	-
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,618,950)	-
Cash used in investing activities	(1,618,950)	-
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash, net share issuance costs	5,916,807	-
Cash provided by financing activities	5,916,807	-
CHANGE IN CASH	3,071,290	-
CASH, BEGINNING OF PERIOD	-	-
CASH, END OF YEAR	3,071,290	-
<b>SUPPLEMENTAL CASH DISCLOSURES</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>NON-CASH TRANSACTIONS</b>		
Shares issued for acquisition of TCHD	\$ 4,586,000	\$ -
Shares issued for debt settlement	\$ 104,151	\$ -
Shares issued as issuance costs	\$ 32,000	\$ -

The accompanying notes are an integral part of these consolidated financial statements



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**CULTIVATOR CATALYST CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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1. NATURE OF OPERATIONS

Cultivator Catalyst Corp. (the "Company") was incorporated under the laws of the Province of Ontario on November 22, 2016. The head office and principle business of the Company is 1401 - 480 University Avenue, Toronto, Ontario. The comparative figures in the consolidated financial statements are for the period from incorporation and as at December 31, 2016.

The Company is in the medicinal cannabis industry. On May 19, 2017, the Company acquired 100% interest in THC Dispensaries Canada Inc. ("THCD"). THCD obtained a cultivation license on December 1, 2017 and its plans to cultivate and produce medical cannabis at its facility located in the province of Nova Scotia. THCD is in the process of modifying its current facility to meet the regulations and requirements of Health Canada and is expected to be completed during the fiscal 2018. After the completion of the facility, it plans on applying for a license from Health Canada to sell and distribute medicinal cannabis pursuant to the provisions of the Access to Cannabis for Medical Purposes Regulations and the Controlled Drugs and Substances Act and its Regulations.

As at December 31, 2017, the Company had not yet generated revenues and had a deficit of \$827,602. Management anticipates the level of gross expenditures and remaining commitments including the completion of property and plant for the next twelve months will not exceed the Company's cash on hand. Management's view is that the success of the Company is dependent upon achieving commercial production and obtaining approval from Health Canada in order to sell and distribute medicinal cannabis in Canada, all of which are beyond of management's control. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 28, 2018.

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

c) Consolidation

The consolidated financial statements include the results of the Company and its wholly-owned subsidiary THCD. All inter-company balances and transactions were eliminated upon consolidation.

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**CULTIVATOR CATALYST CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

Cash in the consolidated statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

e) Property, plant and equipment

The Company's property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost includes the cost of materials and direct labour, site preparation costs, installation and assembly costs, and any other costs directly attributable to bringing the assets to the location and conditions necessary for the assets to be capable of operating in the manner intended by management. The cost of property, plant and equipment also includes any applicable borrowing costs. Borrowing costs are capitalized to property, plant and equipment until such time that the constructed asset is substantially complete and ready for its intended use.

Depreciation is recorded over the estimated useful lives.

Significant components of property, plant and equipment that are identified as having different useful lives are depreciated separately over their respective useful lives. Depreciation methods, useful lives and residual values, if applicable, are reviewed and adjusted, if appropriate, on a prospective basis at the end of each fiscal year. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in profit or loss.

f) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

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**CULTIVATOR CATALYST CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation [legal or constructive], as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting period. When a provision is determined using the expected cash flow method, its carrying amount is the present value of those cash flows [when the effect of the time value of money is material]. When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognized when it is virtually certain reimbursement is receivable and the expected reimbursement can be reliably measured.

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

i) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred 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 tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At December 31, 2017, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At December 31, 2017, the Company has not classified any financial assets as available for sale.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial assets (continued)

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

k) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At December 31, 2017, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

l) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for 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 cash-generating unit, or "CGU"]. The recoverable amount of an asset or a CGU is the higher of its fair value, less cost to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

m) Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of the reporting periods. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration. In certain situations goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in the consolidated statements of comprehensive loss as a bargain purchase gain.

Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

o) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the Cash Generating Units (“CGU”) to which it relates. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

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**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*Significant accounting estimates*

- i. inputs used in impairment calculations;
- ii. the assessment of indications of impairment of the property, plant and equipment and related determination of useful lives of property, plant and equipment;
- iii. the measurement of deferred income tax assets and liabilities; and
- iv. the inputs used in accounting for share-based payments.

*Significant accounting judgments*

- i. assessment of indications of impairments;
- ii. judgments used in determining if an acquisition constitutes a business combination or asset acquisition
- iii. the determination of categories of financial assets and financial liabilities; and
- iv. the evaluation of the Company's ability to continue as a going concern.

**4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after January 1, 2018:

*IFRS 9 – Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

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4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

*IFRS 15 – Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The standard is effective for annual periods beginning on or after January 1, 2019:

*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 extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

5. ACQUISITION OF THC DISPENSARIES CANADA INC.

Pursuant to a share purchase agreement ("SPA") dated May 19, 2017, the Company acquired 100% issued and outstanding common shares of THC Dispensaries Canada Inc. ("THCD"). As consideration, the Company issued 500,000 common shares with a fair value of \$500,000 and one Special Class B share ("Class B") and one Special Class C share ("Class C") with a fair value of \$3,386,000. The Class B and C shares are non-voting, redeemable, retractable and non-participating and convertible into common shares (the "Acquisition").

The Class B shares are convertible to common shares upon issuance by Health Canada to THCD of a license to produce marihuana in accordance with the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The conversion calculation is based on dividing \$1,050,000 by the price per common share paid by an arm's length party in the most recent financing prior to the issuance of the license. On December 1, 2017, Health Canada issued the license and on December 21, 2017 the Class B share was converted into 525,000 common shares.

The Class C shares are convertible to common shares upon issuance by Health Canada to THCD of a license to sell marihuana in accordance with the ACMPR. The conversion calculation is based on dividing \$3,050,000 by the price per common share paid by an arm's length party in the most recent financing prior to the issuance of the license. As the amount of common shares is unknown, the Company estimated the likelihood that Health Canada would issue the license to sell, the time frame in which the license would be issued, used the latest common share financing price and calculated a fair value of \$2,336,000.

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5. ACQUISITION OF THC DISPENSARIES CANADA INC. (continued)

Concurrent with the SPA, the Company entered into a settlement agreement dated May 19, 2017 (“Settlement Agreement”) with Matica Enterprises Inc. (“Matica”) and others. Prior to the SPA and Settlement Agreement, Matica owned 50% of the common shares of THCD and was in a dispute with the other shareholders of THCD and certain related companies. In order to resolve the dispute and settle any claims or potential claims the parties entered into the Settlement Agreement. Pursuant to the Settlement Agreement Matica delivered the share certificate representing its 50% interest in THCD for cancellation and assigned the debt of \$240,000 to the Company. In exchange, the Company issued 350,000 common shares at a fair value of \$350,000 and gave Matica the right to receive additional common shares with a fair value of \$350,000 when THCD was issued a license under the ACMPR. As a result of receiving the license from Health Canada, the Company issued 175,000 common shares with a fair value of \$350,000 to Matica on December 20, 2017.

The Acquisition along with the Settlement Agreement were recognized as a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value at the acquisition date.

The allocation of the components of total consideration to the net assets acquired was as follows:

<b>Consideration</b>	<b>\$</b>
Class B and C common shares issued	3,386,000
Common shares issued pursuant to Settlement Agreement	700,000
Common shares issued pursuant to SPA	500,000
<b>Total consideration paid</b>	<b>4,586,000</b>
<b>Net assets acquired</b>	
Property and equipment	760,362
Other current assets	30,875
Current liabilities less THCD debt of \$240,000	(819,550)
	(28,313)
THCD debt assigned	240,000
Goodwill acquired	4,374,313
<b>Total net assets acquired</b>	<b>4,586,000</b>

The resulting goodwill represents the sales and growth potential of THCD and will not be deductible for tax purposes.



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6. PROPERTY, PLANT AND EQUIPMENT

	Computer and software	Equipment	Leasehold improvements	Total
	\$	\$		\$
Balance, November 22, 2016 and December 31, 2016	-	-	-	-
Assets acquisition (Note 5)	30,954	91,287	638,121	760,362
Additions	-	113,441	1,505,509	1,618,950
<b>Balance, December 31, 2017</b>	<b>30,954</b>	<b>204,728</b>	<b>2,143,630</b>	<b>2,379,312</b>

As the facility is being re-modelled to meet regulations, it is not available for use as at December 31, 2017 and thus there was no amortization taken on the equipment or the leasehold improvements.

7. SHARE CAPITAL

a) Authorized:

- Unlimited number of voting common shares without par value; and
- Unlimited number of non-voting and redeemable Special Class B and C shares without par value.

b) Issued and Outstanding as at December 31, 2017: 18,794,005 common shares and 1 Special Class C share.

On November 22, 2016, the Company issued 12,000,000 common shares with nominal value.

In May 2017, in connection of the acquisition of the common shares of THCD (Note 5), the Company issued 1,025,000 common shares with a fair value of \$1,200,000 and issued 1 Special Class A share and 1 Special Class B share with a fair value of \$3,386,000.

During the year the Company completed the following common share private placements:

Number of shares issued	Gross Proceeds \$	Cash	
		Commissions \$	Number of broker warrants issued
3,500,000	3,500,000	155,750	147,750
1,165,738	1,748,607	28,025	18,667
487,500	975,000	43,750	21,875
<b>5,153,238</b>	<b>6,223,607</b>	<b>227,525</b>	<b>188,292*</b>

\*Subsequent to the year ended December 31, 2017, the Company issued additional 29,032 broker's warrants.

The fair value of the 188,292 broker's warrants was estimated at \$166,400 using the Black-Scholes option pricing model with the assumptions of the weighed exercise price of \$1.15, expected volatility of 168%, expected life of the warrants of 2 years, weighted risk-free rate of 1.2% and dividend rate of \$nil.

The Company also incurred other share issuance costs of \$79,275 in connection with the closing of the private placements noted above.

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7. SHARE CAPITAL (continued)

b) Issued and outstanding (continued):

In November 2017, the Company issued 69,434 common shares with a fair value of \$104,151 to settle an account payable amount of \$119,497. The Company recognized a gain of \$15,346 and recorded the amount on the consolidated statements of comprehensive loss for the year ended December 31, 2017.

c) Warrants:

As at December 31, 2017, the Company had 188,292 broker warrants.

<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life (years)</b>
188,292	\$ 1.15	1.31

The table below summarizes the warrants outstanding and exercisable as at December 31, 2017 is:

<b>Number of outstanding and exercisable warrants</b>	<b>Exercise price</b>	<b>Expiry date</b>
103,750	\$ 1.0	February 27, 2019
44,000	\$ 1.0	March 2, 2019
5,333	\$ 1.0	August 31, 2019
6,667	\$ 1.5	August 31, 2019
6,667	\$ 1.5	November 3, 2019
5,000	\$ 2.0	November 30, 2019
16,875	\$ 2.0	December 11, 2019

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, CEO and Chief Financial Officer.

The following amounts are due to related parties:

	<b>2017</b>	<b>2016</b>
	\$	\$
Due to MacMaster Electrical and Marine Division Inc.	85,266	-
Due to MacMaster Choice Meats Inc.	65,014	-
Due to Frank MacMaster	17,168	-
	167,448	-

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8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

MacMaster Electrical and Marine Division Inc. and MacMaster Choice Meats Inc. are companies controlled by Frank MacMaster, the former shareholder of THCD.

The amounts noted above are non-interest bearing, unsecured and are due upon demand.

For the periods ended December 31, 2017 and 2016, the Company had the following related party transactions:

	2017	2016
	\$	\$
Rent	50,852	-
Salaries and wages	99,335	-
	150,187	-

The Company incurred rental expenses from a company controlled by Frank MacMaster. In addition, the Company also paid salaries and wages to Frank MacMaster as noted above.

9. INCOME TAXES

The Company has losses carried forward of \$895,000 available to reduce income taxes in future years which expire between 2036 and 2037.

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:

	Year ended December 31, 2017	Period ended December 31, 2016
Canadian statutory income tax rate	26%	26%
	\$	
Income tax recovery at statutory rate	215,175	-
Effect of income taxes of:		
Permanent differences and others	88,088	
Differences between current and future rates	11,664	
Change in deferred tax assets not recognized	(314,927)	-
Deferred income tax recovery	-	-

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9. INCOME TAXES (continued)

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	December 31, 2017	December 31, 2016
	\$	\$
Non-capital loss carry forwards	241,746	-
Share issuance costs	73,181	-
Deferred tax assets not recognized	(314,927)	-
	-	-

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at December 31, 2017 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	3,071,290	-	-	3,071,290

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at December 31, 2017 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

12. SUBSEQUENT EVENTS

Subsequent to the year end the Company issued 863,977 common shares for gross proceeds of \$2,381,931 and paid cash commissions of \$87,096. In addition the Company issued 29,032 common share purchase warrants, 50,000 common shares to settle debt of \$100,000, 25,000 common shares for services rendered and 12,500 common shares for stock options exercised.

On March 2, 2018, the Company entered into a share purchase agreement to purchase of all of the issued and outstanding shares of P-209 Inc. ("P-209"), an Ontario-based ACMPR applicant for an aggregate purchase price of \$3,500,000. The purchase price will be settled in common shares of the Company as follows:

- i) \$750,000 worth of common shares of the Company upon closing (issued 250,000 common shares);
- ii) \$750,000 worth of common shares of the Company when the Company completes a going public transaction; and
- iii) the right to certain contingent payments in the aggregate amount of \$2,000,000, payable in the Company common shares.

On April 12, 2018, the Company entered into a share purchase agreement to purchase all of the issued and outstanding shares of The Back Home Medical Cannabis Corporation ("Back Home"), a Newfoundland-based ACMPR applicant for an aggregate purchase price of \$2,500,000. The purchase price will be settled in common shares of the Company as follows:

- i) an initial payment of \$150,000 paid in common shares of the Company on April 25, 2018 (issued 37,500 common shares); and
- ii) the remainder of the purchase price payable in the Company's common shares upon satisfaction of various conditions related to the licensing process as detailed in the share purchase agreement.

## CULTIVATOR CATALYST CORP.

(“CCC” or the “Company”)  
Year Report  
Year Ended December 31, 2017

### MANAGEMENT’S DISCUSSION AND ANALYSIS

#### 1.1 Date of Report: May 28, 2018

*The following management’s discussion and analysis (“MD&A”) has been prepared as of May 28, 2018 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2017, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated.*

*This MD&A includes certain statements that may be deemed “forward-looking statements”. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “plan”, “estimate”, “expect”, “may”, “project”, “predict”, “potential”, “could”, “might”, “should” and other similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

#### 1.2 Nature of Business

Cultivator Catalyst Corp. (the “Company”) was incorporated under the laws of the Province of Ontario on November 22, 2016. The head office and principle business of the Company is 1401 - 480 University Avenue, Toronto, Ontario.

The Company is the medicinal cannabis industry. On May 19, 2017, the Company acquired 100% interest in THC Dispensaries Canada Inc. (“THCD”). THCD has obtained the cultivation license on December 1, 2017 and its plans to cultivate and produce medical cannabis at its facility located in the province of Nova Scotia. THCD is in the process of modifying its current facility to meet the regulations and requirements of Health Canada and is expected to be completed during the fiscal 2018. After the completion of the facility, it plans on applying for a license from Health Canada to sell and distribute medicinal cannabis pursuant to the provisions of the Access to Cannabis for Medical Purposes Regulations and the Controlled Drugs and Substances Act and its Regulations.

On December 5, 2017, the Company entered into a Letter of Intent (“LOI”) with Orca Touchscreen Technologies Ltd. (“Orca”), a company listed on the Canadian Stock Exchange under the symbol of “CSE: OAA”.

#### 1.3 Overall Performance

Announcements and Highlights during the year:

- During the year, the Company entered into a Letter of Intent (“LOI”) with Orca Touchscreen Technologies Ltd. (“Orca”), a company listed on the Canadian Stock Exchange under the symbol of “CSE: OAA”.
- During the year the Company completed the common share private placements of \$6,223,607.
- Management continued to actively focus on capital raising to support the company’s business, marketing initiatives and general working capital.

#### 1.4 Results of Operations

##### Year ended December 31, 2017 and 2016

During the year ended December 31, 2017, the Company incurred net loss of \$827,596 (December 31, 2016 - \$6). As at December 31, 2017 the Company had a positive working capital of \$3,025,731 (December 31, 2016 - \$(6)) and an accumulated deficit of \$827,602 (December 31, 2016 - \$6)

Significant changes in the period are as follows:

- The Company incurred corporate and professional fees of \$416,348 compared to \$nil during the prior year due to increased third party consulting services and operational activities of the Company. The professional fees include all consulting services and related expense.
- The Company incurred salaries and wages of \$279,329 due to operational activities during the year as compared to a \$nil for the year ended December 31, 2016. This is due to a decrease in salaries and wages.
- The total rent expense for the year is \$50,852 compared to nil in 2016 year. This is mainly due to a new location is needed for operation. There is \$12,726 for the insurance during the year.
- The Company incurred office and miscellaneous expenses of \$17,369 due to the business and commencement of operational activities. There is \$50,973 in finance and interest charges during the year compared to the prior year of \$nil.

##### **Selected Annual Information**

	December 31, 2017 \$	December 31, 2016 \$
Net loss	(827,596)	(6)
Basic and diluted loss per share	(0.05)	Nil
Cash	3,071,290	Nil
Total Assets	10,207,998	Nil
Non-Current Liabilities	Nil	Nil



## **1.5 Liquidity and Capital Resources**

As at December 31, 2017, the Company has total assets of \$10,207,998 and a positive working capital of \$3,025,731.

At December 31, 2017, the Company had cash of \$3,071,290 (December 31, 2016- \$nil) a positive working capital of \$3,025,731 (December 31, 2016 - \$(6)). As of December 31, 2017, the Company had prepaid expenses of \$41,161 to commence operations.

Cash utilized in operating activities during the year ended December 31, 2017 was \$(1,226,567) (December 31, 2016 – (\$nil)).

At December 31, 2017, share capital was \$10,440,558 comprising 18,794,005 issued and outstanding common shares. There was an increase in the share capital for the year ended December 31, 2017 due to the private placements.

At present, the Company's operations generate minimal cash inflows and its financial success after December 31, 2017 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development.

The Company may not be able to generate sufficient cash flows from its operations in the foreseeable future to support its working capital needs. As a result, the Company will have to rely on funding through future equity issuances and through short term borrowing in order to finance ongoing operations and the construction. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

## **1.6 Share Capital**

As at December 31, 2017, the Company had 18,794,005 common shares issued and outstanding.

## **1.7 Share Purchase Warrants**

As at December 31, 2017, the Company had 188,292 share purchase warrants issued and outstanding.

## **1.8 Stock Options**

The Company does not have a stock option plan as of December 31, 2017.

## **1.9 Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed. The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

## **1.10 Transactions with Related Parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party

transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, CEO and Chief Financial Officer.

The following amounts are due to related parties:

	2017	2016
	\$	\$
Due to MacMaster Electrical and Marine Division	85,266	-
Due to MacMaster Choice Meats Inc.	62,014	-
Due to Frank MacMaster	17,168	-
	167,448	-

MacMaster Electrical and Marine Division Inc. and MacMaster Choice Meats Inc. are companies controlled by Frank MacMaster, the former shareholder of THCD.

The amounts noted above are non-interest bearing, unsecured and are due upon demand.

For the periods ended December 31, 2017 and 2016, the Company had the following related party transactions:

	2017	2016
	\$	\$
Rent	50,852	-
Salaries and wages	99,335	-
	150,187	-

The Company incurred rental expenses from a company controlled by Frank MacMaster. In addition, the Company also paid salaries and wages to Frank MacMaster as noted above.

### 1.11 Subsequent Events

Subsequent to the year end the Company issued 863,977 common shares for gross proceeds of \$2,381,931 and paid cash commissions of \$87,096. In addition the Company issued 29,032 common share purchase warrants, 50,000 common shares to settle debt of \$100,000, 25,000 common shares for services rendered and 12,500 common shares for stock options exercised.

On March 2, 2018, the Company entered into a share purchase agreement to purchase of all of the issued and outstanding shares of P-209 Inc. ("P-209"), an Ontario-based ACMPR applicant for an aggregate purchase price of \$3,500,000. The purchase price will be settled in common shares of the Company as follows:

- i) \$750,000 worth of common shares of the Company upon closing (issued 250,000 common shares);

- ii) \$750,000 worth of common shares of the Company when the Company completes a going public transaction; and
- iii) the right to certain contingent payments in the aggregate amount of \$2,000,000, payable in the Company common shares.

On April 12, 2018, the Company entered into a share purchase agreement to purchase all of the issued and outstanding shares of The Back Home Medical Cannabis Corporation (“Back Home”), a Newfoundland-based ACMPR applicant for an aggregate purchase price of \$2,500,000. The purchase price will be settled in common shares of the Company as follows:

- i) an initial payment of \$150,000 paid in common shares of the Company on April 25, 2018 (issued 37,500 common shares); and
- ii) the remainder of the purchase price payable in the Company’s common shares upon satisfaction of various conditions related to the licensing process as detailed in the share purchase agreement.

## 1.12 Changes in Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements of the Company as at December 31, 2016. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2016.

During the year ended December 31, 2017, the Company adopted the following policies:

### Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncement.

#### **Effective for annual periods beginning on or after January 1, 2018:**

- IFRS 9 – Financial Instruments introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.
- IFRS 15 - Revenue from Contracts with Customers is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

#### **Effective for annual periods beginning on or after January 1, 2019:**

- IFRS 16 - Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

### **1.13 Financial Instruments and Other Instruments**

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### *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 any obligations. 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.

#### *Fair value*

The carrying value of cash, due from a related party approximated their fair value because of the relatively short-term nature of these instruments.

#### *Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

#### *Liquidity risk*

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Financial assets and liabilities measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of accounts receivables, advances, accounts payable and accrued liabilities, due to related party and due from related parties approximates fair value due to the short term nature of the financial

instruments. Cash is classified as fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy.

#### 1.14 Other MD&A Requirements

##### *Disclosure of Outstanding Share Data*

a. Authorized:

18,794,005 common shares with no par value

b. Common Shares Issued:

Balance, December 31, 2017      18,794,005

Balance, May 28, 2018            19,745,482

As at May 28, 2018 and December 31, 2017, there were no common shares held in escrow.

#### **Risk Factors**

The Company is focused on more select market introduction and development. The failure to generate future sales in the Company's main products could have a significant and adverse affect on the Company.

The Company success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on the Company. The Company does not anticipate having key person insurance in effect for management. However, the Company will institute an insurance policy that provides directors and officers a minimum of \$2 million liability coverage in the coming quarters. The contributions of these individuals to the immediate operations of the Company are of central importance. In addition, there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

The Company has incurred a net loss for the year ended December 31, 2017 of \$827,596 and has a deficit of \$827,602. Management is continuing efforts to attract additional equity and capital investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to curtail or reduce its operations to continue as a going concern.

In addition, the Company's limited working capital could affect the Company's ability to seize upon opportunities requiring investment, or to reinvest in its products in a timely manner.

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**THC DISPENSARIES CANADA INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2017 AND 2016**

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## **INDEPENDENT AUDITORS' REPORT**

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To the Directors of  
THC Dispensaries Canada Inc.

We have audited the accompanying financial statements of THC Dispensaries Canada Inc. which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive loss, changes in deficiency and cash flows for the years ended December 31, 2017, 2016 and 2015, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 audits 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 THC Dispensaries Canada Inc. as at December 31, 2017 and 2016, and its financial performance and cash flows for the years ended December 31, 2017, 2016 and 2015 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 THC Dispensaries Canada Inc. to continue as a going concern.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
May 28, 2018

**THC DISPENSARIES CANADA INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Note	December 31, 2017	December 31, 2016
		\$	\$
<b>ASSETS</b>			
CURRENT			
Cash		68,117	-
Amounts receivable		270,365	27,169
Prepaid expenses		41,160	3,707
		379,642	30,876
PROPERTY AND EQUIPMENT	5	2,379,312	760,362
		2,758,954	791,238
<b>LIABILITIES</b>			
CURRENT			
Accounts payable and accrued liabilities		105,136	387,798
Due to related parties	7	3,059,316	431,752
		3,164,452	819,550
<b>SHAREHOLDERS' DEFICIENCY</b>			
SHARE CAPITAL	6	455,001	455,001
DEFICIT		(860,499)	(483,313)
		(405,498)	(28,312)
		2,758,954	791,238

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)

SUBSEQUENT EVENTS (Note 11)

Approved and authorized for issue on behalf of the Board on May 28, 2018

"Brett James" Director      "George Smitherman" Director

The accompanying notes are an integral part of these financial statements



**THC DISPENSARIES CANADA INC.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31**  
(Expressed in Canadian dollars)

	Note	2017	2016	2015
		\$	\$	\$
<b>EXPENSES</b>				
Interest and bank charges		50,772	-	-
Insurance		12,727	-	-
Automobile		7,722	-	-
Office and miscellaneous		13,927	73,261	19,325
Professional fees		113,288	54,540	8,686
Rent and utilities	7	54,099	-	69,518
Salaries and wages	7	137,042	192,972	-
Travel		2,955	-	298
<b>NET LOSS BEFORE OTHER ITEM</b>		<b>392,532</b>	<b>320,773</b>	<b>97,827</b>
<b>OTHER ITEM</b>				
Gain on forgiveness of debt		(15,346)	-	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>377,186</b>	<b>320,773</b>	<b>97,827</b>
<b>LOSS PER SHARE – Basic and diluted</b>		<b>377,186</b>	<b>160,387</b>	<b>48,914</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>				
		<b>1</b>	<b>2</b>	<b>2</b>

The accompanying notes are an integral part of these financial statements

**THC DISPENSARIES CANADA INC.**  
**STATEMENTS OF CHANGES IN DEFICIENCY**  
(Expressed in Canadian dollars)

	Common Shares		Deficit	Total
	Number of Shares	Amount		
		\$	\$	\$
Balance, December 31, 2015	2	455,001	(162,540)	292,461
Net loss for the year	-	-	(320,773)	(320,773)
Balance, December 31, 2016	2	455,001	(483,313)	(28,312)
Cancellation of share	(1)	-	-	-
Net loss for the year	-	-	(377,186)	(377,186)
Balance, December 31, 2017	1	455,001	(860,499)	(405,498)

The accompanying notes are an integral part of these financial statements

**THC DISPENSARIES CANADA INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**  
(Expressed in Canadian dollars)

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	\$	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss for the year	(377,186)	(320,773)	(97,827)
Items not affecting cash:			
Gain on forgiveness of debt	(15,346)	-	-
Changes in non-cash working capital balances:			
Amounts receivable	(243,196)	(27,169)	-
Prepaid expenses	(37,453)	-	(3,707)
Accounts payable and accrued liabilities	(187,468)	267,858	43,879
Cash used in operating activities	(860,649)	(80,084)	(178,389)
<b>INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	(1,618,950)	(88,458)	(203,160)
Cash used in investing activities	(1,618,950)	(88,458)	(203,160)
<b>FINANCING ACTIVITIES</b>			
Due to related parties	2,547,717	168,542	260,815
Cash provided by financing activities	2,547,717	168,542	260,815
CHANGE IN CASH	68,117	-	-
CASH, BEGINNING OF YEAR	-	-	-
CASH, END OF YEAR	68,117	-	-
<b>SUPPLEMENTAL CASH DISCLOSURES</b>			
Interest paid	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

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**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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1. NATURE OF OPERATIONS

THC Dispensaries Canada Inc. (the "Company") was incorporated under the laws of the Province of Nova Scotia on September 12, 2014. The Company is a wholly owned by Cultivator Catalyst Corp. ("CCC"). The head office and principle business of the Company is 861 East Ohio Road, Antigonish, Nova Scotia.

The Company obtained its cultivation license on December 1, 2017 and its plans to cultivate and produce medical cannabis at its facility located in the province of Nova Scotia. The Company has began the modification of the facility to meet the regulations requirement and is expected to be completed during the fiscal 2018. After completion, the Company will be applying for a license from Health Canada to sell and distribute medical cannabis pursuant to the provisions of the Access to Cannabis for Medical Purposes Regulations ("ACMPR") and the Controlled Drugs and Substances Act and its Regulations.

As at December 31, 2017, the Company had not yet generated revenues and had a deficit of \$860,499. Management anticipates level of gross expenditures and remaining commitments including the completion of property and plant for the next twelve months exceeds the Company's cash on hands and as such, management's view is that the success of the Company is dependent upon financing the remaining portion of its capital additions, obtaining further approval from Health Canada in order to sell and distribute medicinal cannabis in Canada and achieving profitable operations, all of which are beyond of management's control. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not give affect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 28, 2018.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

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**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment

The Company's property and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost includes the cost of materials and direct labour, site preparation costs, installation and assembly costs, and any other costs directly attributable to bringing the assets to the location and conditions necessary for the assets to be capable of operating in the manner intended by management. The cost of property and equipment also includes any applicable borrowing costs. Borrowing costs are capitalized to property and equipment until such time that the constructed asset is substantially complete and ready for its intended use.

Depreciation is recorded over the estimated useful lives.

Significant components of property and equipment that are identified as having different useful lives are depreciated separately over their respective useful lives. Depreciation methods, useful lives and residual values, if applicable, are reviewed and adjusted, if appropriate, on a prospective basis at the end of each fiscal year. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognized in profit or loss.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

f) Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation [legal or constructive], as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting period. When a provision is determined using the expected cash flow method, its carrying amount is the present value of those cash flows [when the effect of the time value of money is material]. When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognized when it is virtually certain reimbursement is receivable and the expected reimbursement can be reliably measured.

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**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred 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 tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At December 31, 2017, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At December 31, 2017, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

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**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At December 31, 2017, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

l) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for 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 cash-generating unit, or "CGU"]. The recoverable amount of an asset or a CGU is the higher of its fair value, less cost to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

m) Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of the reporting periods. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*Significant accounting estimates*

- i. the assessment of indications of impairment of the property and equipment and related determination of useful lives of property and equipment;
- ii. the measurement of deferred income tax assets and liabilities; and
- iii. the inputs used in accounting for share-based payments.

*Significant accounting judgments*

- i. the determination of categories of financial assets and financial liabilities; and
- ii. the evaluation of the Company's ability to continue as a going concern.

**4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after January 1, 2018:

*IFRS 9 – Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.



**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

*IFRS 15 – Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The standard is effective for annual periods beginning on or after January 1, 2019:

*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 extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

5. PROPERTY AND EQUIPMENT

	<b>Computer and software</b>	<b>Equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
	\$	\$	\$	\$
Balance, December 31, 2015	30,797	31,787	609,320	671,904
Additions	157	-	88,301	88,458
Balance, December 31, 2016	30,954	31,787	697,621	760,362
Additions	-	172,941	1,446,009	1,618,950
Balance, December 31, 2017	30,954	204,728	2,143,630	2,379,312

As the facility is being re-modelled to meet regulations, it was not available for use as at December 31, 2017 and as a result the no amortization was recorded.

**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding as at December 31, 2017: 1 common share.

There were no share capital transactions during the fiscal years ended December 31, 2016. The Company cancelled 1 common share during fiscal year ended December 31, 2017.

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, CEO and Chief Financial Officer.

The following amounts are due to related parties:

	<b>2017</b>	<b>2016</b>
	\$	\$
Due to Cultivator Catalyst Corp.	2,891,869	-
Due to Matica Enterprises Inc.	-	240,000
Due to MacMaster Electrical and Marine Division Inc.	65,014	65,014
Due to MacMaster Choice Meats Inc.	85,266	79,946
Due to Chief Executive Officer	17,168	46,792
	<b>3,059,316</b>	<b>191,752</b>

MacMaster Electrical and Marine Division Inc. and MacMaster Choice Meats Inc. are companies controlled by the Chief Executive Officer ("CEO") of the Company. The amounts noted above are non-interest bearing, unsecured and are due upon demand.

For the years ended December 31, 2017, 2016 and 2015, the Company had the following related party transactions:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	\$	\$	\$
Rent	50,852	-	69,518
Salaries and wages	60,203	144,195	-
	<b>111,055</b>	<b>144,195</b>	<b>69,518</b>

The Company incurred rental expenses from a company controlled by the CEO. In addition, the Company also paid salaries and wages to the CEO as noted above.

**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

8. INCOME TAXES

The Company has losses carried forward of \$236,771 available to reduce income taxes in future years which expire between 2035 and 2037.

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:

	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Canadian statutory income tax rate	26%	26%	26%
	\$	\$	
Income tax recovery at statutory rate	98,000	83,000	25,000
Effect of income taxes of:			
Change in deferred tax assets not recognized	(98,000)	(83,000)	(25,000)
Deferred income tax recovery	-	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	December 31, 2017	December 31, 2016	December 31, 2015
	\$	\$	
Non-capital loss carry forwards	181,000	108,000	25,000
Deferred tax assets not recognized	(181,000)	(108,000)	(25,000)
	-	-	-

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at December 31, 2017 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	68,117	-	-	68,117

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at December 31, 2017 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

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**THC DISPENSARIES CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. SUBSEQUENT EVENTS

- (i) Subsequent to December 31, 2016, the Company cancelled 1 common share.
- (ii) Pursuant to a share purchase agreement dated May 19, 2017 the Company was acquired by Cultivator Catalyst Corp. ("CCC") for consideration of 500,000 common shares, one special class B share and one special class C share of CCC. The special class shares are convertible to common class shares upon the occurrence of certain future events.

## THC DISPENSARIES CANADA INC.

(“THC” or the “Company”)  
Year Report  
Year Ended December 31, 2017

### MANAGEMENT’S DISCUSSION AND ANALYSIS

#### 1.1 Date of Report: May 28, 2018

*The following management’s discussion and analysis (“MD&A”) has been prepared as of May 28, 2018 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2017, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated.*

*This MD&A includes certain statements that may be deemed “forward-looking statements”. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “plan”, “estimate”, “expect”, “may”, “project”, “predict”, “potential”, “could”, “might”, “should” and other similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

#### 1.2 Nature of Business

THC Dispensaries Canada Inc. (the “Company”) was incorporated under the laws of the Province of Nova Scotia on September 12, 2014. The Company was purchased by Cultivator Catalyst Corp. (“CCC”) On May 19, 2017 and is a wholly owned subsidiary of CCC . The head office and principle business of the Company is 861 East Ohio Road, Antigonish, Nova Scotia.

The Company obtained its cultivation license on December 1, 2017 for its business plan to cultivate medical cannabis at its facility located in the province of Nova Scotia. The Company has began the modification of the facility to meet the regulations requirement and is expected to be completed in 2018. After the completion, the Company will be applying for a license from Health Canada to sell and distribute medical cannabis pursuant to the provisions of the Access to Cannabis for Medical Purposes Regulations (“ACMPR”) and the Controlled Drugs and Substances Act and its Regulations.

#### 1.3 Overall Performance

Announcements and Highlights during the year:

- During the year, the Company focused on preparing its facility to cultivate medical cannabis. All of the efforts and funds were to pursue a license to produce medical cannabis.

- Management continued to actively focus on capital raising to support the modifications to its existing premises in order to meet Health Canada regulations.
- On December 1, 2017, the Company obtained its cultivation license.

#### 1.4 Results of Operations

##### Year ended December 31, 2017 and 2016

During the year ended December 31, 2017, the Company incurred net loss of \$377,186 (December 31, 2016 - \$320,773). As at December 31, 2017 the Company had a negative working capital of \$2,784,810 (December 31, 2016 - \$788,674) and an accumulated deficit of \$860,499 (December 31, 2016 - \$483,313).

Significant changes in the period are as follows:

The Company incurred corporate and professional fees of \$113,288 compared to \$54,540 during the prior year due to increased third party consulting services and operational activities of the Company. The professional fees include all consulting services and related expense

The Company incurred salaries and wages of \$137,042 as compared to a \$192,972 for the year ended December 31, 2016. The decrease it due to the increase in hiring additional consultants to prepare some of the work and therefore increasing professional fees.

The total rent expense for the year is \$54,099 compared to nil in 2016 year. This is mainly due to a new location is needed for operation. There is \$12,727 for the insurance during the year as result of insuring the existing building and structure.

The Company incurred office and miscellaneous expenses of \$13,927 due to the business and commencement of operational activities.

##### Selected Annual Information

	December 31, 2017 \$	December 31, 2016 \$	December 31, 2015 \$
Net loss	(377,186)	(320,773)	(97,827)
Basic and diluted loss per share	(377,186)	(160,387)	(48,914)
Cash	68,117	Nil	Nil
Total Assets	2,758,954	791,238	675,611
Non-Current Liabilities	Nil	Nil	Nil

## **1.5 Liquidity and Capital Resources**

As at December 31, 2017, the Company has total assets of \$2,758,954 and a negative working capital of \$2,784,810. Of this deficiency \$2,891,869 is due to its parent company, CCC.

At December 31, 2017, the Company had cash of \$68,117 (December 31, 2016- \$nil). As of December 31, 2017, the Company prepaid expense of \$41,160 to commence operations.

Cash utilized in operating activities during the year ended December 31, 2017 was \$860,649 (December 31, 30, 2016 : \$80,084).

At December 31, 2017, share capital was \$455,001 comprising of 1 issued and outstanding common shares. There was no increase in the share capital for the year ended December 31, 2017.

At present, the Company's operations generate minimal cash inflows and its financial success after December 31, 2017 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development.

The Company may not be able to generate sufficient cash flows from its operations in the foreseeable future to support its working capital needs. As a result, the Company will have to rely on funding through future equity issuances and through short term borrowing in order to finance ongoing operations and the construction. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

## **1.6 Share Capital**

As at December 31, 2017, the Company had 1 common shares issued and outstanding.

## **1.7 Share Purchase Warrants**

As at December 31, 2017, the Company does not have share purchase warrants issued and outstanding.

## **1.8 Stock Options**

The Company does not have a stock option plan as of December 31, 2017.

## **1.9 Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed. The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

## **1.10 Transactions with Related Parties**

Related parties include key management, personnel, and affiliated companies. Key management personnel include officers, directors or companies with common directors of the Company who have direct or indirect authority and responsibility for planning, directing and controlling the activities of the Company.



As at December 31, 2017, the due from related parties consisted of the following:

	<b>2017</b>	<b>2016</b>
	\$	\$
Due to Cultivator Catalyst Corp.	2,891,869	-
Due to Matica Enterprises Inc.	-	240,000
Due to MacMaster Electrical and Marine Division	65,014	65,014
Due to MacMaster Choice Meats Inc.	85,266	79,946
Due to Chief Executive Officer	17,168	46,792
	<b>3,059,316</b>	<b>191,752</b>

MacMaster Electrical and Marine Division Inc. and MacMaster Choice Meats Inc. are companies controlled by the Chief Executive Officer (“CEO”) of the Company. The amounts noted above are non-interest bearing, unsecured and are due upon demand.

For the years ended December 31, 2017, 2016 and 2015, the Company had the following related party transactions:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	\$	\$	\$
Rent	50,852	-	69,518
Salaries and wages	60,203	144,195	-
	<b>111,055</b>	<b>144,195</b>	<b>69,518</b>

### 1.11 Subsequent Events

There were no reportable subsequent events as of December 31, 2017

### 1.12 Changes in Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements of the Company as at December 31, 2017.

The Company did not adopted any new accounting policies during the year ended December 31, 2017.

#### Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncement.

**Effective for annual periods beginning on or after January 1, 2018:**

- IFRS 9 – Financial Instruments introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.
- IFRS 15 - Revenue from Contracts with Customers is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

**Effective for annual periods beginning on or after January 1, 2019:**

- IFRS 16 - Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

### **1.13 Financial Instruments and Other Instruments**

The Company is exposed to varying degrees to a variety of financial instrument related risks:

*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 any obligations. 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.

*Fair value*

The carrying value of cash, due from a related party approximated their fair value because of the relatively short-term nature of these instruments.

*Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

### *Liquidity risk*

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Financial assets and liabilities measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of accounts receivables, advances, accounts payable and accrued liabilities, due to related party and due from related parties approximates fair value due to the short term nature of the financial instruments. Cash is classified as fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy.

### **1.14 Other MD&A Requirements**

#### *Disclosure of Outstanding Share Data*

a. Authorized:

One common shares with no par value

b. Common Shares Issued:

Balance, December 31, 2017      1

Balance, May 28, 2018              1

As at May 28, 2018 and December 31, 2017, there were no common shares held in escrow.

### **Risk Factors**

The Company is focused on more select market introduction and development. The failure to generate future sales in the Company's main products could have a significant and adverse affect on the Company.

The Company success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on the Company. The Company does not anticipate having key person insurance in effect for management. However, the Company will institute an insurance policy that provides directors and officers a minimum of \$2 million liability coverage in the coming quarters. The contributions of these individuals to the immediate operations of the Company are of central importance. In addition, there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

The Company has incurred a net loss for the year ended December 31, 2017 of \$377,186 and has a deficit of \$860,499. Management is continuing efforts to attract additional equity and capital investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to curtail or reduce its operations to continue as a going concern.

In addition, the Company's limited working capital could affect the Company's ability to seize upon opportunities requiring investment, or to reinvest in its products in a timely manner.

**APPENDIX "II"**

**PRO-FORMA FINANCIAL STATEMENTS**

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

**Pro-forma Consolidated Statement of Financial Position  
(Prepared by Management)  
(Expressed in Canadian dollars)  
(Unaudited)**

**December 31, 2017**

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

## UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

	Orca Touchscreen Technologies Ltd. \$	Cultivator Catalyst Corp. \$	Notes	Pro-forma Adjustments \$	Pro forma Consolidated \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	1,279	3,071,290	3(a) 3(b) 3(b) 3(c) 3(c) 3(b)	(150,000) 2,381,930 (87,096) 15,000,000 (1,050,000) 2,722	19,170,125
Receivables	8,459	341,922			350,381
Prepaid expenses	-	41,161			41,161
	9,738	3,454,373		16,097,556	19,561,667
<b>Non-current</b>					
Properties, plant and equipment	-	2,191,450	3(d)	110,998	2,490,310
Goodwill	-	4,374,313	3(d)	5,789,072	12,663,385
	-	-	3(e)	2,500,000	
	9,738	10,207,998		24,497,626	34,715,362
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	-	261,194	3(d)	31,177	292,370
Due from related parties	-	167,448	3(d) 3(b)	2,371,615 (100,000)	2,439,063
	-	428,642		2,302,792	2,731,434
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	4,035,052	10,440,558	3(a) 3(a) 3(b) 3(b) 3(b) 3(b) 3(b) 3(b) 3(b) 3(c) 3(c) 3(c) 3(d) 3(e)	(4,035,052) 1,153,253 2,381,930 (87,096) (66,000) 100,000 100,000 59,999 (59,999) 15,000,000 (1,050,000) (797,000) 3,500,000 2,500,000	33,175,645
				23,313,045	
Contributed surplus	1,107,106	166,400	3(a) 3(a) 3(b) 3(c)	(1,107,106) 45,000 66,000 797,000	1,074,400
				(190,106)	
Deficit	(5,132,420)	(827,602)	3(a) 3(a) 3(b)	5,132,420 (1,338,515) (100,000)	(2,266,117)
				3,693,905	
	9,738	9,779,356		22,194,834	31,983,929
	9,738	10,207,998		24,497,626	34,715,362

The accompanying notes are an integral part of this unaudited pro-forma consolidated statement of financial position.

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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#### 1. PROPOSED TRANSACTION

Orca Touchscreen Technologies Ltd. ("**Orca**" or the "**Company**") was incorporated under the *Business Corporations Act* (British Columbia) on December 31, 2013 and is listed on the Canadian Securities Exchange in Canada.

Cultivator Catalyst Corp. ("**CCC**") was incorporated under the *Business Corporations Act* (Ontario) on November 22, 2016. On May 19, 2017, CCC entered into a share purchase agreement for the purchase of all of the issued and outstanding shares in the capital of Highland Grow Inc., (formerly named THC Dispensaries Canada Inc.) ("**Highland**"), a Nova Scotia-based *Access to Cannabis for Medical Purposes Regulations* (Canada) (the "**ACMPR**") applicant for an aggregate purchase price of \$4,586,000 payable in common shares in the capital of CCC ("**CCC Common Shares**") and the issuance of one CCC special class B share (which has subsequently converted in accordance with its terms into CCC Common Shares) and one CCC special class C share.

On December 1, 2017, Highland received its cultivation licence under the ACMPR, which authorizes Highland to produce dried marihuana, marihuana plants and marihuana seeds for the period from December 1, 2017 to December 1, 2020.

On December 4, 2017, the Company and CCC entered into a letter of intent, as extended and amended (the "**LOI**") pursuant to which Orca agreed to acquire all the issued and outstanding shares and securities convertible into shares of CCC pursuant to the terms of an amalgamation agreement dated April 25, 2018 (the "**Amalgamation Agreement**") among Orca, CCC and 1151856 B.C. Ltd., a wholly-owned subsidiary of Orca ("**Orca Sub**") formed to facilitate the Transaction (as defined herein).

Pursuant to the Amalgamation Agreement, Orca will indirectly acquire all of the issued and outstanding CCC Common Shares and special class C shares in the capital of CCC (collectively, the "**CCC Shares**") and securities of CCC convertible into CCC Shares in exchange for common shares (the "**Payment Shares**") and special class C shares, each as applicable, in the capital of Orca pursuant to an exchange ratio of five Payment Shares for each CCC Common Share and one special class C share of Orca for each special class C share of CCC (collectively, the "**Exchange Ratio**"). In addition, all of the outstanding common share purchase warrants of CCC will be exchanged for common share purchase warrants of Orca based on the Exchange Ratio (the "**Transaction**").

Prior to closing of the Transaction and subject to the rules of the Canadian Securities Exchange, Orca will complete a consolidation of its common shares on the basis of one (1) new common share in the capital of Orca for fifty (50) old common shares. Furthermore, upon completion of the Transaction it is intended that Orca will be re-named Biome Grow Inc. and shareholders of CCC will own a controlling interest in the issued and outstanding shares in the capital of Biome Grow Inc.

CCC is in the process of completing a brokered private placement financing to raise gross proceeds of approximately \$15,000,000 (the "**Financing**") by the issuance of 3,000,000 CCC Common Shares at a price of \$5.00 per share. In connection with the Financing, the agent will receive a 7% cash commission based on the gross proceeds raised in connection with the Financing (subject to certain limitations for subscribers on the president's list) and will receive common share purchase warrants, exercisable for a period of 24 months following the closing date of the Financing, to acquire, in aggregate, that number of CCC Common Shares at a price of \$5.00 per share equal to 7% of the number of Common Shares sold pursuant to the Financing (subject to certain limitations for subscribers on the president's list).

Since January 1, 2018, CCC has issued an aggregate of 1,242,310 CCC Common Shares. In addition, CCC has issued 29,032 common share purchase warrants.



## **ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

### **NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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(Unaudited)

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#### **1. PROPOSED TRANSACTION** *(continued)*

The boards of directors of the Company, CCC and Orca Sub have each unanimously approved the terms of the Amalgamation Agreement.

The Amalgamation Agreement will be subject to certain customary conditions including approval by the shareholders of each of the Company, CCC and Orca Sub and various regulatory approvals including the approval of the Canadian Securities Exchange. The Amalgamation Agreement contains customary terms, conditions, conditions precedent and closing obligations for transactions of this nature.

#### **2. BASIS OF PRESENTATION**

The unaudited pro-forma consolidated statement of financial position of the Company gives effect to the Transaction as described above. In substance, the Transaction involves CCC shareholders obtaining control of the Company and accordingly the Transaction will be considered to be a reverse takeover transaction ("**RTO**") with CCC acquiring the Company. As the Company does not meet the definition of a business under International Financial Reporting Standards ("**IFRS**"), the consolidated statement of financial position of the consolidated entity will represent the continuation of CCC. The Transaction has been accounted for as a share-based payment by which CCC acquired the net liabilities and listing status of the Company. Accordingly, the accompanying unaudited pro-forma consolidated statement of financial position of the Company has been prepared by management using the same accounting policies as described in CCC's consolidated financial statements for the year ended December 31, 2017 which are consistent with the Company's accounting policies used in its consolidated financial statements for the year ended December 31, 2017.

The unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the Company's consolidated financial position on closing of the Transaction had the Transaction closed on the dates assumed herein.

The unaudited pro-forma consolidated statement of financial position has been compiled from information derived from and should be read in conjunction with the following information, prepared in accordance with IFRS:

- The Company's audited consolidated financial statements for the years ended December 31, 2017 and 2016;
- CCC's audited consolidated financial statements for the year ended December 31, 2017 and for the period from incorporation on November 22, 2016 to December 31, 2016; and
- the additional information set out in Note 3 of this unaudited pro-forma consolidated statement of financial position.

#### **3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS**

The unaudited pro-forma consolidated statement of financial position gives effect had the Transaction been completed on December 31, 2017. Consequential adjustments to the accumulated deficit are based on the transaction described in Note 3(a).

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

## NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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**3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS** *(continued)*

The unaudited pro-forma consolidated statement of financial position has been prepared based on the following assumptions:

- a) Pursuant to the terms of the Amalgamation Agreement, Orca will issue five Payment Shares for each CCC Common Share and one special class C share of Orca for each CCC special class C share resulting in an aggregate of 98,744,075 Payment Shares being issued to acquire all of the issued and outstanding CCC Common Shares and one special class C share of Orca to acquire all of the issued and outstanding CCC special class C shares. In addition, all outstanding CCC common share purchase warrants will be exchanged on the basis of the Exchange Ratio resulting in an aggregate of 941,460 Orca common share purchase warrants being issued in exchange for 188,292 CCC common share purchase warrants.

As a result of the share exchange, the former shareholders of CCC will acquire control of the Company and the Amalgamation Agreement will be treated as an RTO transaction. The Transaction will be accounted for as an acquisition of the net liabilities and listing status of the Company by CCC via a share-based payment. The excess of the estimated fair value of the equity instruments that CCC is deemed to have issued to acquire the Company, plus the transaction costs (both the “**Consideration**”) and the estimated fair value of the Company’s net liabilities, will be recorded as the cost of obtaining the listing.

For the purposes of the pro-forma consolidated statement of financial position, management of Orca has estimated the fair value of the equity instruments deemed to be issued by the Company. The fair value of the 1,153,253 Orca common shares amounted to \$1,153,253, based on the proposed Financing of \$5.00 per CCC Common Share and the Exchange Ratio. The fair value of the 145,290 Orca common share purchase warrants outstanding was \$45,000. The fair value of the Orca common share purchase warrants was estimated using the Black-Scholes option pricing model applying a market price of \$5.00 and the Exchange Ratio, an exercise price of \$21.00, a risk free rate of 1.27%, an expected volatility of 140% and an expected dividend yield of 0%.

The allocation of the Consideration for the purposes of the pro-forma consolidated statement of financial position is as follows:

**Net liabilities acquired:**

Cash	\$	1,279
Other assets		8,459
Net assets acquired		<u>(9,738)</u>
Consideration given		<u>1,348,253</u>
	\$	<u>1,338,515</u>

**Consideration given:**

Value of common shares issued by the Company	\$	1,153,253
Common share purchase warrants deemed to be issued by the Company		45,000
Legal and other transaction costs		<u>150,000</u>
	\$	<u>1,348,253</u>

The Company has estimated transaction costs to be \$150,000 and as a result of the acquisition, there will be an elimination of the Company’s pre-acquisition equity of \$9,738.

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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### 3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS *(continued)*

b) As mentioned above, since January 1, 2018 CCC has issued an aggregate of 1,242,310 CCC Common Shares as follows:

- 863,977 CCC Common Shares for gross proceeds of \$2,381,930;
- 50,000 CCC Common Shares to settle debts of \$100,000;
- 25,000 CCC Common Shares for services of \$100,000;
- 12,500 CCC Common Shares for the exercise of stock options valued at \$50,000;
- 3,333 CCC Common Shares for payment of finder's fees; and
- 287,500 CCC Common Shares for P-209 (as defined herein) and Back Home (as defined herein).

In addition, CCC has issued an aggregate of 29,032 common share purchase warrants. Each common share purchase warrant entitles the holder to acquire one (1) CCC Common Share at an exercise price of \$3 for two years from the date of issuance resulting in an aggregate fair value of \$66,000. The fair value was estimated using the Black-Scholes option pricing model applying a market price of \$3, an exercise price of \$3, a risk free rate of 1.27%, an expected volatility of 140% and an expected dividend yield of 0%. The fair value of the agent's warrants was recorded as a share issue cost.

c) The pro-forma statement of financial position assumes CCC completes its Financing for gross proceeds of \$15,000,000 at a price of \$5 per share, resulting in the issuance of 3,000,000 additional CCC Common Shares and not more than 210,000 CCC common share purchase warrants. In connection with the Financing, CCC will pay the agent's a 7% cash commission based on the gross proceeds raised in connection with the Financing (subject to certain limitations for subscribers on the president's list) and will issue to the agent not more than 210,000 common share purchase warrants with a fair value of \$797,000, exercisable for a period of 24 months following the closing date of the Financing, to acquire, in aggregate, that number of CCC Common Shares at an exercise price of \$5.00 per share equal to 7% of the number of CCC Common Shares sold pursuant to the Financing (subject to certain limitations for subscribers on the president's list). The fair value of the common share purchase warrants was estimated using the Black-Scholes option pricing model applying a market price of \$5, an exercise price of \$5, a risk free rate of 1.27%, an expected volatility of 140% and an expected dividend yield of 0%. The cash commission and the fair value of the agent's common share purchase warrants will be recorded as a share issue cost.

d) On March 2, 2018, CCC entered into a share purchase agreement to purchase all of the issued and outstanding securities of P-209 Inc. ("**P-209**"), an Ontario-based ACMPR applicant for an aggregate purchase price of \$3,500,000. The purchase price will be satisfied by CCC issuing CCC Common Shares as follows:

- i) \$750,000 worth of CCC Common Shares upon closing (such amount satisfied on March 2, 2018 at a deemed price per CCC Common Share of \$3.00);
- ii) \$750,000 worth of CCC Common Shares in the event of CCC's completion of a going public transaction (as defined in the share purchase agreement); and
- iii) the right to certain contingent payments in the aggregate amount of \$2,000,000, payable in CCC Common Shares.

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## NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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**3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS** *(continued)*

- d) The acquisition was completed on March 2, 2018. P-209 is in the late stages of an ACMPR cultivation license application. CCC determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value at the acquisition date.

The allocation of the purchase price to the total fair value of net assets acquired is as follows:

	\$
<b>Fair value of net assets acquired</b>	
Current assets	2,722
Property and equipment	110,998
	113,720
Current liabilities	(31,177)
Long-term liabilities	(2,371,615)
Identifiable net liabilities assumed	(2,289,072)
Goodwill	5,789,072
	3,500,000
<b>Consideration paid</b>	
Fair value of 250,000 CCC Common Shares issued upon closing	750,000
Fair value of 150,000 CCC Common Shares issued when CCC completes going public transaction	750,000
Fair value of 400,000 CCC Common Shares upon achievement of certain milestones	2,000,000
	3,500,000

For the purposes of valuing the CCC Common Shares issued upon closing, CCC used \$3 per share which was the most recent common share price for the common shares issued. In order to estimate the value of the CCC Common Shares that are still to be issued, CCC used \$5 per share which is consistent with the value used in the Financing. CCC will need to complete a going-public transaction and P-209 will need to achieve certain milestones prior to the future common share issuances. For the purposes of the pro-forma consolidated statement of financial position, CCC assumed that all the milestones had been achieved.

The accounting for this business combination has not yet been finalized and the Company is reporting provisional amounts for the items for which the accounting is not complete. These provisional amounts are subject to change based on obtaining new information about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

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**3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS** *(continued)*

- (e) On April 12, 2018, CCC entered into a share purchase agreement for the purchase of all of the issued and outstanding shares in the capital of The Back Home Medical Cannabis Corporation ("**Back Home**"), a Newfoundland-based late stage ACMPR applicant for an aggregate purchase price of \$2,500,000 payable in CCC Common Shares, subject to adjustment, which purchase price was satisfied by: (a) an initial payment of \$150,000 worth of CCC Common Shares on April 25, 2018; with (b) the remainder payable in CCC Common Shares upon satisfaction of various conditions related to the licensing process as detailed in the share purchase agreement. The acquisition was completed on April 25, 2018.

CCC determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value at the acquisition date.

For the purposes of the the pro-forma consolidated statement of financial position the purchase price was estimated using \$5 per share which is consistent with the value used in the Financing. Back Home will need to achieve certain milestones prior to the future common share issuances. For the purposes of the pro-forma consolidated statement of financial position, CCC has assumed that all the milestones had been achieved.

The accounting for this business combination has not yet been finalized and the Company is reporting provisional amounts for the items for which the accounting is not complete. For the purposes of the pro-forma consolidated statement of financial position the Company has reported the purchase price as goodwill. These provisional amounts are subject to change based on obtaining new information about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.****NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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**4. PRO-FORMA SHAREHOLDERS' EQUITY**

As a result of the Transaction and the pro-forma assumptions and adjustments, the shareholders' equity of the combined entity as at December 31, 2017 is comprised of the following:

	Notes	Share Capital				Total
		Number of Shares	Capital Stock	Contributed Surplus	Deficit	
CCC balances prior to transactions below		18,794,005	\$10,440,558	\$ 166,400	\$ (827,602)	\$ 9,779,356
CCC Common Shares exchanged	3(a)	(18,794,005)	-	-	-	-
Orca common shares post consolidation	3(a)	1,153,253	-	-	-	-
Shares issued for the acquisition of CCC	3(a)	98,744,075	1,153,253	45,000	-	1,198,253
Listing costs		-	-	-	(1,338,515)	(1,338,515)
CCC Common Shares issued in concurrent Financing	3 (c)	3,000,000	15,000,000	-	-	15,000,000
Share issue costs – agent's commission	3(c)	-	(1,050,000)	-	-	(1,050,000)
Share issue costs – agent 's warrants	3(c)	-	(797,000)	797,000	-	-
CCC Common Shares issued	3 (b)	954,810	2,581,930	-	(100,000)	2,481,930
CCC common share purchase warrants issued	3 (b)	-	(66,000)	66,000	-	-
Cash commission paid	3(b)	-	(87,096)	-	-	(87,096)
CCC Common Shares issued for P-209**	3(d)	4,000,000	3,500,000	-	-	3,500,000
CCC Common Shares issued for Back Home**	3(e)	2,500,000	2,500,000	-	-	2,500,000
		110,352,138	\$33,175,645	\$1,074,400	\$ (2,266,117)	\$ 31,983,929

\*\* common shares issued after application of the Exchange Ratio of five (5) common shares of Orca for every one (1) CCC Common Share held.

**5. INCOME TAXES**

The effective income tax rate applicable to the consolidated operations is estimated to be 31%.

## SCCHEDULE "B"

### CORPORATE GOVERNANCE POLICY

#### CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines applicable to reporting issuers. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation’s practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices, which disclosure is set out below.

**1. Board of Directors** — Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including

- (i) the identity of directors that are independent; and  
*Christine Mah and Nigel Horsley*
- (ii) the identity of directors who are not independent, and the basis for that determination.  
*Brian Gusko*

*In determining whether a director is independent, the Corporation chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director’s exercise of independent judgement.*

*Brian Gusko is currently the Chief Executive Officer of the Corporation and therefore does not satisfy the definition of “Independent” as that term is defined in NI 52-110.*

**2. Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

*The directors of the Corporation are directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:*

<i>Name of Director</i>	<i>Issuer</i>
<i>Brian Gusko</i>	<i>Tower One Wireless Corp. Lomiko Metals Inc.</i>
<i>Christine Mah</i>	<i>Orca Touchscreen Technologies Ltd. Crop Infrastructure Corp.</i>

**3. Orientation and Continuing Education** — Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

*The Corporation has not developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Corporation by meeting with other directors and its officers and employees. Orientation activities will be tailored to the particular needs and expertise of each director and the overall needs of the Board.*

4. **Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

*The Corporation does not currently have a formal code of business conduct or policy in place for its directors, officers, employees and consultants. The Board believes that the Corporation's size facilitates informal review of and discussions with employees and consultants.*

*The Board monitors ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.*

5. **Nomination of Directors** — Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

*The Board has not appointed a nominating committee as the Board fulfills these functions as a whole. When the Board identifies the need to fill a position on the Board, the Board requests that current directors forward potential candidates for consideration.*

6. **Compensation** — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation, and

*Management of the Corporation is responsible for making recommendations to the Board with respect to compensation for the directors and the CEO. The Board has the ability to adjust and approve such compensation.*

- (ii) the process of determining compensation.

*Market comparisons as well as evaluation of similar positions in different industries in the same geography are the criteria used in determining compensation.*

7. **Other Board Committees** — If the board has standing committees other than the audit and compensation identify the committees and describe their function.

*The Corporation does not have any other committees other than the audit committee.*

8. **Assessments** — Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

*The Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision making processes and the quality of information provided by management.*



## SCHEDULE "C"

### ORCA TOUCHSCREEN TECHNOLOGIES LTD. (the "Corporation")

#### AUDIT COMMITTEE CHARTER

##### 1. Mandate

The Audit Committee will be responsible for managing, on behalf of shareholders of the Corporation, the relationship between the Corporation and the external auditors. In particular, the Audit Committee will have responsibility for the matters set out in this Charter, which include:

- (a) overseeing the work of external auditors engaged for the purpose of preparing or issuing an auditing report or related work;
- (b) recommending to the board of directors the nomination and compensation of the external auditors;
- (c) reviewing significant accounting and reporting issues;
- (d) reviewing the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information;
- (e) focusing on judgmental areas such as those involving valuations of assets and liabilities;
- (f) considering management's handling of proposed audit adjustments identified by external auditors;
- (g) being satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements of the Corporation;
- (h) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (i) evaluating whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities.

##### 2. Membership of the Audit Committee

###### Composition

The audit committee will be comprised of at least such number of directors as required to satisfy the audit committee composition requirements of National Instrument 52-110, as amended from time to time. Each member will be a director of the Corporation.

###### Independence

The Audit Committee will be comprised of a number of independent directors required to enable the Corporation to satisfy:

- (a) the independent director requirements for audit committee composition required by National Instrument 52-110, as amended from time to time, and
- (b) the independent director requirements of the applicable stock exchange, or such other stock exchange on which the Corporation's shares are traded from time to time.

### Chair

The Audit Committee shall select from its membership a chair. The job description of the chair is attached as Exhibit I hereto.

### Expertise of Audit Committee Members

Each member of the Audit Committee must be financially literate. Financially literate means the ability to read and understand a set of financial statements that represent a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

### Financial Expert

The Corporation will strive to include a financial expert on the Audit Committee. An Audit Committee financial expert means a person having: (i) an understanding of financial statements and accounting principles; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience in preparing, auditing, analyzing or evaluating financial statements that present a similar breadth and level of complexity as the Corporation's statements; (iv) an understanding of internal controls; and (v) an understanding of an Audit Committee's functions.

## **3. Meetings of the Audit Committee**

The Audit Committee must meet in accordance with a schedule established each year by the board of directors, and at other times as the Audit Committee may determine. A quorum for transaction of business in any meeting of the Audit Committee is a majority of members. At least twice a year, the Audit Committee must meet with the Corporation's chief financial officer and external auditors separately.

## **4. Responsibilities of the Audit Committee**

The Audit Committee will be responsible for managing, on behalf of the shareholders of the Corporation, the relationship between the Corporation and the external auditors. In particular, the Audit Committee has the following responsibilities:

### External Auditors

- (a) the Audit Committee must recommend to the board of directors:
  - (i) the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit or review services for the Corporation; and
  - (ii) the compensation of the external auditors;
- (b) the Audit Committee must be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- (c) with respect to non-audit services:
  - (i) the Audit Committee must pre-approve all non-audit services provided to the Corporation or its subsidiaries by its external auditors or the external auditors of the Corporation's subsidiaries, except for tax planning and transaction support services in an amount not to exceed \$15,000 for each service in a fiscal year; and

- (ii) the Audit Committee must pre-approve all non-audit services provided to the Corporation or its subsidiaries by its external auditors or the external auditors of the Corporation's subsidiaries, except *de minimis* non-audit services as defined in applicable law.
- (d) the Audit Committee must also:
- (i) review the auditors' proposed audit scope and approach;
  - (ii) review the performance of the auditors; and
  - (iii) review and confirm the independence of the auditors by obtaining statements from the auditors on relationships between the auditors and the Corporation, including non-audit services, and discussing the relationships with the auditors;

#### Accounting Issues

- (e) the Audit Committee must:
- (i) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and,
  - (ii) ask management and the external auditors about significant risks and exposures and plans to minimize such risks.

#### Financial Statements, MD&A and Press Releases

- (f) the Audit Committee must:
- (i) review the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information;
  - (ii) in reviewing the annual financial statements, determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles;
  - (iii) pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
  - (iv) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses, warranty, professional liability, litigation reserves and other commitments and contingencies;
  - (v) consider management's handling of proposed audit adjustments identified by the external auditors;
  - (vi) ensure that the external auditors communicate certain required matters to the committee;
  - (vii) be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure referred to in paragraph (f)(i) (above), and must periodically assess the adequacy of those procedures;
  - (viii) be briefed on how management develops and summarizes quarterly financial information, the extent to which the external auditors review quarterly financial information and whether that review is

performed on a pre- or post-issuance basis;

- (ix) meet with management, either telephonically or in person to review the interim financial statements;
- (x) to gain insight into the fairness of the interim statements and disclosures, the Audit Committee must obtain explanations from management on whether:
  - (a) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (b) changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;
  - (c) generally accepted accounting principles have been consistently applied;
  - (d) there are any actual or proposed changes in accounting or financial reporting practices;
  - (e) there are any significant or unusual events or transactions;
  - (f) the Corporation's financial and operating controls are functioning effectively;
  - (g) the Corporation has complied with the terms of loan agreements or security indentures; and
  - (h) the interim financial statements contain adequate and appropriate disclosures;

#### Compliance with Laws and Regulations

- (g) the Audit Committee must:
  - (i) periodically obtain updates from management regarding compliance;
  - (ii) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
  - (iii) review the findings of any examinations by regulatory agencies such as the Ontario Securities Commission; and
  - (iv) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements;

#### Employee Complaints

- (h) the Audit Committee must establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

#### Other Responsibilities

- (i) the Audit Committee must:

- (i) review and approve the Corporation's hiring policies of employees and former employees of the present and former external auditors of the Corporation;
- (ii) evaluate whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (iv) focus on the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown;
- (v) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;
- (vi) periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Corporate Governance and Nominating Committee and the board for approval;
- (vii) review, and if deemed appropriate, approve expense reimbursement requests that are submitted by the chief executive officer or the chief financial officer to the Corporation for payment;
- (viii) assist the board to identify the principal risks of the Corporation's business and, with management, establish systems and procedures to ensure that these risks are monitored; and
- (ix) carry out other duties or responsibilities expressly delegated to the Audit Committee by the board.

**5. Authority of the Audit Committee**

The Audit Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) communicate directly with the internal and external auditors.

### **Exhibit 1 to Audit Committee Charter**

The responsibilities of the Audit Committee chair include, among other things:

- (a) managing the affairs of the Committee and monitoring its effectiveness;
- (b) managing the meetings of the Committee by ensuring meaningful agendas are prepared and guiding deliberations of the Committee so that appropriate decisions and recommendations are made; and
- (c) setting up agendas for meetings of the Committee and ensuring that all matters delegated to the Committee by the board are being dealt with at the Committee level during the course of the year.

**SCHEDULE "D"**

**STOCK OPTION PLAN OF THE CORPORATION**

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
**(TO BE RENAMED, BIOME GROW INC.)**

**STOCK OPTION PLAN**

**PART 1**  
**INTERPRETATION**

- 1.1 Definitions. In this Plan, the following words and phrases shall have the following meanings:
- (a) “**Affiliate**” means a company that is a parent or subsidiary of the Company, or that is controlled by the same person as the Company;
  - (b) “**Board**” means the board of directors of the Company and includes any committee of directors appointed by the directors as contemplated by Section 3.1;
  - (c) “**Change of Control**” means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than 50% of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board;
  - (d) “**Company**” means Orca Touchscreen Technologies Ltd. (to be renamed, Biome Grow Inc.);
  - (e) “**Consultant**” means an individual or Consultant Company, other than an Employee or Director, that:
    - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate, other than services provided in relation to a distribution of securities;
    - (ii) provides such services under a written contract between the Company or an Affiliate;
    - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate; and
    - (iv) has a relationship with the Company or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Company;
  - (f) “**Consultant Company**” means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
  - (g) “**CSE**” means the Canadian Securities Exchange;
  - (h) “**Director**” means any director of the Company or any of its subsidiaries;
  - (i) “**Eligible Person**” means a bona fide Director, Officer, Employee or Consultant, or a corporation wholly owned by such Director, Officer, Employee or Consultant;
  - (j) “**Employee**” means:



- (i) an individual who is considered an employee of the Company or a subsidiary of the Company under the Income Tax Act (and for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Company or a subsidiary of the Company providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or a subsidiary of the Company on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;
- (k) **“Exchange”** means the CSE or any other stock exchange on which the Shares are listed for trading;
- (l) **“Exchange Policies”** means the policies, bylaws, rules and regulations of the Exchange governing the granting of options by the Company, as amended from time to time;
- (m) **“Expiry Date”** means a date not later than 5 years from the date of grant of an option;
- (n) **“Income Tax Act”** means the Income Tax Act (Canada), as amended from time to time;
- (o) **“Insider”** has the meaning ascribed thereto in the Securities Act;
- (p) **“Investor Relations Activities”** means any activities, by or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
- (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company
    - (A) to promote the sale of products or services of the Company, or
    - (B) to raise public awareness of the Company,
 that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
  - (ii) activities or communications necessary to comply with the requirements of
    - (A) applicable Securities Laws,
    - (B) the Exchange, or
    - (C) the bylaws, rules or other regulatory instruments of any self-regulatory body or exchange having jurisdiction over the Company;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if

- (A) the communication is only through such newspaper, magazine or publication, and
  - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - (iv) activities or communications that may be otherwise specified by the Exchange;
  - (q) “**Joint Actor**” means a person acting jointly or in concert with another person;
  - (r) “**Officer**” means any senior officer of the Company or any of its subsidiaries;
  - (s) “**Optionee**” means the recipient of an option under this Plan;
  - (t) “**Stock Option Agreement**” has the meaning ascribed thereto in Section 3.5 of this Plan;
  - (u) “**Plan**” means this stock option plan, as amended from time to time;
  - (v) “**Securities Act**” means the Securities Act (British Columbia), as amended from time to time;
  - (w) “**Securities Laws**” means the acts, policies, bylaws, rules and regulations of the securities commissions governing the granting of options by the Company, as amended from time to time; and
  - (x) “**Shares**” means the common shares in the capital of the Company without par value.
- 1.2 Governing Law. The validity and construction of this Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- 1.3 Gender. Throughout this Plan, whenever the singular or masculine or neuter is used, the same shall be construed as meaning the plural or feminine or body politic or corporate, and vice-versa as the context or reference may require.

## **PART 2 PURPOSE**

- 2.1 Purpose. The purpose of this Plan is to attract and retain Directors, Officers, Employees and Consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

## **PART 3 GRANTING OF OPTIONS**

- 3.1 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (which may consist of only one person) appointed by the Board from its members. Whenever used herein, or in the applicable Stock Option Agreement, the term “Board” shall be deemed to include the committee, if so appointed.
- 3.2 Committee's Recommendations. The Board may accept all or any part of any recommendations of any committee appointed under Section 3.1 or may refer all or any part thereof back to such committee for further consideration and recommendation.

- 3.3 Board Authority. Subject to the limitations of this Plan, the Board shall have the authority to:
- (a) grant options or approve such grants of options, to purchase Shares to Eligible Persons;
  - (b) determine the terms, limitations, restrictions and conditions respecting such grants;
  - (c) interpret this Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan as it shall from time to time deem advisable; and
  - (d) make all other determinations and take all other actions in connection with the implementation and administration of this Plan including, without limitation, for the purpose of ensuring compliance with Section 7.1, as it may deem necessary or advisable.

3.4 Grant of Option. A resolution of the Board shall specify the number of Shares that shall be placed under option to each Eligible Person; the exercise price to be paid for such Shares upon the exercise of such option; any applicable hold period; and the period, including any applicable vesting periods required by Exchange Policies or by the Board, during which such option may be exercised.

3.5 Written Agreement. Every option granted under this Plan shall be evidenced by a written agreement between the Company and the Optionee substantially in the form attached hereto as Schedule "A" (the "**Stock Option Agreement**"), containing such terms and conditions as are required by Exchange Policies and applicable Securities Laws, and, where not expressly set out in the Stock Option Agreement, the provisions of such agreement shall conform to and be governed by this Plan. The Stock Option Agreements shall include, among other things, the following:

- (a) the number of options granted;
- (b) the exercise price of the options;
- (c) any restrictions on exercise of the option; and
- (d) the expiry date of the option.

The terms and conditions of the Stock Option Agreements need not be identical. In the event of any inconsistency between the terms of the Stock Option Agreement and this Plan, the terms of this Plan shall govern.

3.6 Withholding Taxes. If the Company is required under the Income Tax Act or any other applicable law to make source deductions in respect of Employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of any Shares upon the exercise of options, then any Optionee who is deemed an Employee shall:

- (a) pay to the Company, in addition to the exercise price for such options, the amount necessary to satisfy the required tax remittance as is reasonably determined by the Company;
- (b) authorize the Company, on behalf of the Optionee, to sell in the open market on such terms and at such time or times as the Company, in its sole discretion, determines a portion of the Shares issued upon the exercise of such options to realize proceeds to be used to satisfy the required tax remittance; or,

- (c) make other arrangements acceptable to the Company to satisfy the required tax remittance.

#### **PART 4 RESERVE OF SHARES**

- 4.1 Sufficient Authorized Shares to be Reserved. A sufficient number of Shares shall be reserved by the Board to permit the exercise of any options granted under this Plan. If an option expires, terminates, ceases to be exercisable or is surrendered before being exercised or without having been exercised in full, then the Shares that were subject to the option but which were not issued pursuant to the exercise of the option shall, shall no longer be in reserve and, unless the Plan has been terminated, shall become available for issuance pursuant to the exercise of options under the Plan.
- 4.2 Maximum Number of Shares Reserved. Unless authorized by the shareholders of the Company and subject to applicable Securities Laws and the policies of the Exchange, this Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not result, at any time, in the number of Shares reserved for issuance pursuant to options exceeding 10% of the issued and outstanding Shares as at the date of grant of any option under this Plan.
- 4.3 Limits with Respect to Individuals. Subject to applicable Securities Laws and the policies of the Exchange, the aggregate number of Shares subject to an option that may be granted to any one individual in any 12 month period under this Plan shall not exceed 5% of the issued and outstanding Shares determined at the time of such grant.
- 4.4 Limits with Respect to Consultants. Subject to applicable Securities Laws and the policies of the Exchange, the aggregate number of Shares subject to an option that may be granted to any one Consultant in any 12 month period under this Plan shall not exceed 2% of the issued and outstanding Shares determined at the time of such grant.
- 4.5 Limits with Respect to Investor Relations Activities. Subject to applicable Securities Laws and the policies of the Exchange, the aggregate number of Shares subject to an option that may be granted to any one person conducting Investor Relations Activities in any 12 month period under this Plan shall not exceed 2% of the issued and outstanding Shares determined at the time of such grant.

#### **PART 5 CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS**

- 5.1 Exercise Price. Subject to a minimum price of \$0.10 per Share and Section 5.2, the exercise price of an option may not be less than the closing market price of the Shares on the trading day immediately preceding the date of grant of the option, less any applicable discount allowed by the Exchange.
- 5.2 Exercise Price if Distribution. If any options are granted within 90 days of a public distribution by prospectus, then the minimum exercise price shall be the greater of that specified in Section 5.1 and the price per share paid by the investors for Shares acquired under the public distribution. The 90 day period shall commence on the date the Company is issued a final receipt for the prospectus.
- 5.3 Expiry Date. Each option shall, unless sooner terminated, expire on a date to be determined by the Board which shall not be later than the Expiry Date.

- 5.4 Different Exercise Periods, Prices and Number. The Board may, in its absolute discretion, upon granting an option under this Plan and subject to the provisions of Section 5.3, specify a particular time period or periods following the date of granting such option during which the Optionee may exercise the option and may designate the exercise price and the number of Shares in respect of which such Optionee may exercise the option during each such time period.
- 5.5 Termination of Employment. If a Director, Officer, Employee or Consultant ceases to be so engaged by the Company for any reason other than death, such Director, Officer, Employee or Consultant shall have the right to exercise any vested option granted to him under this Plan and not exercised prior to such termination within a period of 90 days after the date of termination, or such shorter period as may be set out in the Stock Option Agreement.
- 5.6 Termination of Investor Relations Activities. If an Optionee who is engaged in Investor Relations Activities ceases to be so engaged by the Company, such Optionee shall have the right to exercise any vested option granted to the Optionee under this Plan and not exercised prior to such termination within a period of 30 days after the date of termination, or such shorter period as may be set out in the Stock Option Agreement.
- 5.7 Death of Optionee. If an Optionee dies prior to the expiry of an option, his heirs or administrators may within 12 months from the date of the Optionee's death exercise that portion of an option granted to the Optionee under this Plan which remains vested and outstanding.
- 5.8 Assignment. No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than as provided for in Section 5.7.
- 5.9 Exercise. Options shall be exercised only in accordance with the terms and conditions of the Stock Option Agreements under which they are granted and shall be exercisable only by notice in writing to the Company substantially in the form attached hereto as Schedule "B".
- 5.10 Payment. Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Optionee upon the exercise of an option shall be paid for in full in cash at the time of their purchase.

## PART 6 CHANGES IN OPTIONS

- 6.1 Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.
- 6.2 Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as it deems proper in its absolute discretion.
- 6.3 Effect of a Take-Over Bid. If a bona fide offer to purchase Shares (an "Offer") is made to an Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of Section 1(1) of the Securities Act, the Company shall, upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Shares subject to option (the "Option Shares") shall become vested and such option may be exercised in whole or in part by such Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein including any extensions thereof; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up and/or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and/or paid for, shall be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to Section 3.4 shall be reinstated. If any Option Shares are returned to the Company under this Section 6.3, the Company shall immediately refund the exercise price plus any amount paid pursuant to Section 3.6 of this Plan, in each case, without interest, to the Optionee for such Option Shares.

- 6.4 Acceleration of Expiry Date. If, at any time when an option granted under this Plan remains unexercised with respect to any unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of options granted under this Plan vested, and declare that the Expiry Date for the exercise of all unexercised options granted under this Plan is accelerated so that all options shall either be exercised or shall expire prior to the date upon which Shares must be tendered pursuant to the Offer.
- 6.5 Effect of a Change of Control. In the event of a Change of Control, such as a proposed merger or amalgamation of the Company with one or more other corporations, an offer by any person to purchase all of the outstanding Shares of the Company, a sale or distribution of all or substantially all of the Company's assets to any other person or any arrangement or corporate reorganization not otherwise provided for herein, the Board may, in its sole and absolute discretion and without the need for the consent of any Optionee, take one or more of the following actions contingent upon the occurrence of that Change of Control:
  - (a) cause any or all outstanding options to become vested and immediately exercisable, in whole or in part;
  - (b) cause any outstanding option to become fully vested and immediately exercisable for a reasonable period in advance of the Change of Control and, to the extent not exercised prior to that Change of Control, cancel that option upon closing of the Change of Control; and
  - (c) cancel any option in exchange for a substitute award.
- 6.6 Other Stock Exchange Listing. In the event that the Company applies or intends to apply for listing on a stock exchange other than the CSE and, based on the policies and requirements of the other stock exchange, the Company believes that any or all options granted hereunder will not be accepted or approved by the other stock exchange, then the Company may, in its sole discretion, immediately cancel any or all options that remains outstanding to meet the listing requirements of the other stock exchange. If the Company cancels any such options pursuant to this Section 6.6, then no compensation will be owed by the Company to the applicable Optionee.
- 6.7 Approval and Cancellation. In the event that approval from the CSE or other stock exchange, as applicable, is not received for the grant of any options hereunder, each Optionee agrees that the Company may immediately cancel any or all such options that remains outstanding. If the Company cancels any of such options pursuant to this Section 6.7, then no compensation shall be owed by the Company to the applicable Optionee.

**PART 7**  
**SECURITIES LAWS AND EXCHANGE POLICIES**

- 7.1 Securities Laws and Exchange Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in applicable Securities Laws and Exchange Policies and such terms and conditions shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between such terms and conditions and this Plan, such terms and conditions shall govern. In the event that the Shares are listed on a new stock exchange, in addition to the terms and conditions set out from time to time in applicable Securities Laws, the granting or cancellation of options shall be governed by the terms and conditions set out from time to time in the policies, bylaws, rules and regulations of the new stock exchange and unless inconsistent with the terms of this Plan, the Company shall be able to grant or cancel options pursuant to the policies, bylaws, rules and regulations of such new stock exchange without requiring shareholder approval.

**PART 8**  
**AMENDMENT AND TERMINATION**

- 8.1 Board May Amend. The Board may, at any time, amend or revise the terms of this Plan, subject to the receipt of all necessary regulatory approvals, provided that no such amendment or revision shall alter the terms of any options previously granted under the Plan. The Board may also, at any time, amend or revise the terms of any options previously granted under the Plan, subject to the receipt of all necessary regulatory approvals and the approval of the Optionee or Optionees, as applicable. The Board has the discretion to make amendments which it may deem necessary, without having to obtain shareholder approval. Such changes include, without limitation:
- (a) amendments of a minor nature as may be required from time to time to correct typographical or other minor errors;
  - (b) a change to the vesting provisions of options; and
  - (c) a change to the termination provisions of options which does not entail an extension beyond the original expiry date.
- 8.2 Prohibited Amendments. Notwithstanding Section 8.1, the following may not be amended without approval of the shareholders of the Company:
- (a) increases to the maximum number of Shares reserved for issuance under the Plan;
  - (b) amendment to this Part 8 to grant additional powers to the Board to amend the Plan or entitlements without shareholder approval;
  - (c) reduction in the exercise price of options or other entitlements held by insiders;
  - (d) extension of the term of options held by insiders; and
  - (e) changes to the insider participation limits which result in shareholder approval to be required on a disinterested basis.
- 8.3 Termination of Plan. The Board may at any time and from time to time by resolution terminate the Plan, but no such termination shall, except with the written consent of the Eligible Persons concerned, affect the terms and conditions of options previously granted under the Plan to the extent that they have not been exercised, unless the rights of such Eligible Persons shall then have terminated or been wholly exercised.

**PART 9**  
**EFFECT OF PLAN ON OTHER COMPENSATION OPTIONS**

- 9.1 Other Options Not Affected. This Plan is in addition to any other existing stock options granted prior to and outstanding as at the date of this Plan and shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Employees and Consultants.

**PART 10**  
**OPTIONEE'S RIGHTS AS A SHAREHOLDER**

- 10.1 No Rights Until Option Exercised. An Optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to the Optionee upon the exercise of an option.

**PART 11**  
**EFFECTIVE DATE OF PLAN**

- 11.1 Effective Date. This Plan pursuant to which options can be granted is effective upon its approval by the Board on ●, 2018.



**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
**(TO BE RENAMED, BIOME GROW INC.)**

**STOCK OPTION PLAN**

**Schedule "A"**

**STOCK OPTION AGREEMENT**

Orca Touchscreen Technologies Ltd. (to be renamed, Biome Grow Inc.) (the "**Company**") hereby grants the undersigned (the "**Optionee**") stock options to purchase common shares in the capital of the Company (the "**Options**") in accordance with the Company's stock option plan, as amended from time to time (the "**Plan**"), according to the following terms. The Optionee acknowledges that the grant of Options is subject to (a) the Plan; (b) the regulations and provisions of the British Columbia Securities Commission, the Ontario Securities Commission and any other applicable provincial securities commission; and (c) the approval of the Canadian Securities Exchange or other stock exchange, as applicable.

Name of Optionee: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Position with the Company: \_\_\_\_\_

Number of Options: \_\_\_\_\_

Exercise Price: \_\_\_\_\_

Date of Grant: \_\_\_\_\_

Expiry Date: \_\_\_\_\_ or earlier pursuant to Sections 5.4, 5.5, 5.6, 5.7, 6.4, 6.5, 6.6, 6.7, or 8.1 of the Plan.

Vesting Schedule: All of the Options shall vest immediately unless otherwise described in the table below.

Period	% of shares Vested

IN WITNESS WHEREOF, the Company and Optionee have caused this Stock Option Agreement to be duly executed as of the date first written above.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
**OPTIONEE**

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
**(TO BE RENAMED, BIOME GROW INC.)**

**STOCK OPTION PLAN**

**SCHEDULE "B"**

**EXERCISE NOTICE**

The undersigned hereby subscribes for \_\_\_\_\_common shares in the capital of Orca Touchscreen Technologies Ltd. (to be renamed, Biome Grow Inc.) (the "**Company**") at a price of \$\_\_\_\_\_ per share for a total consideration of \$\_\_\_\_\_ (the "**Exercise Price**") pursuant to the provisions of the Stock Option Agreement entered into between the undersigned and the Company dated\_\_\_\_\_.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Email Address

**SCHEDULE "E"**

**CLASS B PREFERRED SHARES AND SPECIAL CLASS C SHARES**

## **CLASS B PREFERRED SHARES**

The rights, privileges, restrictions and conditions attaching to the Class B Preferred Shares, as a class, shall be as follows:

### **1. Issuance in Series**

1.1 Subject to the filing of Articles of Amendment in accordance with the Act, the Board of Directors may at any time and from time to time issue the Class B Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board of Directors.

1.2 Subject to the filing of Articles of Amendment in accordance with the Act, the Board of Directors may from time to time fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of Class B Preferred Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (such event referred to herein as a "Distribution"); the extent, if any, of further participation on a Distribution; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any.

### **2. Dividends**

2.1 The holders of each series of Class B Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the Class B Preferred Shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of Class B Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

### **3. Liquidation**

3.1 In the event of a Distribution, holders of each series of Class B Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the Class B Preferred Shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of Class B Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution.

## **SPECIAL CLASS C SHARES**

(a) One Special Class C Share in the authorized capital stock of the Corporation which shall be non-voting, redeemable, retractable and non-participating (whether as to dividend, dissolution, liquidation or winding-up).

(b) Upon the issuance or other grant by Health Canada to THC Dispensaries Inc., a corporation incorporated pursuant to the laws of the Province of Ontario, or its successors and assigns, pursuant to the Access to Cannabis for Medical Purposes Regulations, SOR/2016-230 (as amended and/or replaced from time to time) (the "ACMPR") of an authorization under an ACMPR license to sell marijuana in accordance with applicable law, including the ACMPR (the "ACMPR Authorization"), a Special Class C Share may, upon and subject to the terms and conditions hereinafter set forth, be converted at any time by the holder thereof into fully paid Common Shares of the Corporation, calculated on the following basis:

(i) the number of Common Shares to be issued to the holder of a Special Class C Share at the time of conversion shall be determined by dividing \$3,050,000.00 by the price per Common Share paid by an arm's length party at the most recently completed subscription or capital raise by the Corporation. The foregoing calculation shall be completed by the Corporation's auditors or accountants within ten (10) Business Days ("Business Day" shall mean any day except Saturday, Sunday or any statutory holiday in the Province of Ontario) of the Corporation's receipt of written notice from such shareholder of his intention to convert his Special Class C Share (the "Conversion Notice"). In the event that no Common Shares have been issued during the six-month period preceding the proposed date of conversion, the price per Common Share shall be such value as is agreed between the Board of Directors of the Corporation and the holder of such Special Class C Share. If the Board of Directors and the holder of such Special Class C Share fail to agree within ten (10) Business Days, then the Corporation shall engage a national accounting firm acceptable to the holder of such Special Class C Share to prepare a valuation of the Common Shares which shall determine the price per Common Share, and which shall be final and binding upon the parties.

(c) The holder of a Special Class C Share desiring to convert his Special Class C Share into Common Shares in accordance with the foregoing (the "Converting Shareholder") shall provide the Corporation with the Conversion Notice. Upon receipt of the Conversion Notice, the Corporation shall have ten (10) Business Days to calculate the requisite number of Common Shares to be issued in accordance with section (b) above. Upon completion of such calculation within such ten (10) Business Day period, or alternatively, upon receiving the final and binding valuation from a national accounting firm in accordance with section (b) above, the Corporation shall provide written notice to the Converting Shareholder of the number of Common Shares to be issued to the Converting Shareholder (the "Corporation Notice"). On the fifth (5th) Business Day following the issuance of the Corporation Notice, the Converting Shareholder shall surrender the certificate representing the Special Class C Share so to be converted, to the registered office of the Corporation, or to the transfer agent of such Special Class C Share, and thereupon the Corporation shall issue to the Converting Shareholder, as fully paid and non-assessable Common Shares, the number of Common Shares to which the Converting Shareholder shall be entitled upon such conversion (the "Converted Shares").

(d) Following the receipt by the Corporation of the Conversion Notice, the Corporation shall not increase, reduce, subdivide, consolidate, or accept further subscriptions for Common Shares of the Corporation, until after the Converted Shares have been issued.

(e) Subject to section (k) below, nothing contained in the foregoing provisions regarding the conversion of a Special Class C Share into Common Shares shall be deemed in any way to limit or restrict the rights of the Corporation to take such lawful proceedings as it may deem advisable for the increase or reduction in its Special Class C Shares or Common Shares, or otherwise in any other manner changing or dealing with the capital of the Corporation or the shares thereof.

(f) In the event that a license has not been issued to THC Dispensaries Inc. by Health Canada pursuant to the ACMPR to produce marihuana in accordance with the provisions of the ACMPR, by December 31, 2027, a Special Class C Share may be redeemed by the Corporation, after December 31, 2027, on the giving of notice as hereinafter provided, and the redemption price shall be \$1.00 per Special Class C Share (the "Redemption Amount"), that being the fair market value of the Special Class C Share.

(g) In any case of redemption of a Special Class C Share hereunder, the Corporation, at least ten (10) Business Days before the date specified for redemption (the "Redemption Date"), shall mail to each person, who, at the date of mailing, is the registered holder of a Special Class C Share to be redeemed, a notice in writing of the intention of the Corporation to redeem such Special Class C Share (the "Redemption Notice"). The Redemption Notice shall be mailed in a prepaid letter addressed to such shareholder at his address as it appears on the books of the Corporation or in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder; provided, however, that accidental failure to give the Redemption Notice to such holder shall not affect the validity of such redemption. The Redemption Notice shall set out the Redemption Amount and the Redemption Date. On the Redemption Date, the Corporation shall pay, or cause to be paid, to or to the order of the registered holders of the Special Class C Share to be redeemed, the Redemption Amount on presentation and surrender at the head office of the Corporation or any other place designated in such notice, of the certificate representing the Special Class C Share called for redemption; such Special Class C Share shall thereupon be redeemed. In the event that the certificate for the Special Class C Share called for redemption has not, on the Redemption Date, been surrendered by the holders thereof in connection with such redemption, the Corporation shall have the right at any time after the Redemption Date, to deliver to the holder of the Special Class C Share called for redemption, by pre-paid registered mail, the Redemption Amount, and upon mailing the Redemption Amount, such Special Class C Share shall thereupon be redeemed. From and after the Redemption Date, the holder of a Special Class C Share called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Amount shall not be made upon presentation of certificate in accordance with the foregoing provisions, in which case the rights of the holder thereof shall remain unaffected.

(h) The holder of a Special Class C Share shall not be entitled to receive notice of, or to attend, any meeting of the shareholders of the Corporation, unless such business being motioned is directly affecting the existence, rights and obligations of such Special Class C Share, in which case, the holder of a Special Class C Share shall be entitled at such meeting to one (1) vote in respect of each Special Class C share held.

(i) In the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among shareholders for the purposes of winding-up its affairs, the holder of a Special Class C Share shall be entitled to receive for his Special Class C Share, out of the assets and property of the Corporation and before any amount is paid or any property or assets of the Corporation distributed to the holders of any Common Shares or shares of any other class ranking junior to his Special Class C Share, an amount equal to the Redemption Amount thereof.

(j) The approval of the holders of a Special Class C Share as to any and all matters referred to herein may be given by special resolution signed by the holders of a Special Class C Share, or by special resolution sanctioned at a meeting of the holders of a Special Class C Share duly called and held with at least ten (10) Business Days' notice at which the holders of a Special Class C Share are present or represented by proxy and carried by the affirmative vote of the holders of a Special Class C Share. On every poll taken at every such meeting, each holder of a Special Class C Share shall be entitled to one (1) vote in respect of each such share held.

(k) The foregoing provisions of paragraphs (a) through (j) of this Article 7 hereof may be repealed, altered, modified or amended by articles of amendment, but only with the approval of the holders of a Special Class C Share given as hereinafter provided, in addition to any other approval required by the Business Corporations Act, S.B.C 2002, chapter 57, as the same may from time to time be in force or any successor corporations statute of the Province of British Columbia (the "Act"), and with the approval of the holders of not less than two-thirds (2/3) of the issued and outstanding Common Shares in the capital stock

of the Corporation. In the event no Special Class C Share is issued at the time of any repeal, alteration, modification or amendment, such repeal, alteration, modification or amendment shall only require the approval of the holders of not less than two-thirds (2/3) of the issued and outstanding common shares in the capital stock of the Corporation, in addition to any other approval required by the Act.