



DELOTA CORP.
(Formerly, Spyder Cannabis Inc.)

Annual Information Form

For the Fiscal Year Ended January 31, 2022

Dated as of January 31, 2023

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ANNUAL INFORMATION FORM

This Annual Information Form (as defined herein) is dated as of January 31, 2023 (the “**AIF Date**”), and unless otherwise indicated, the information contained herein is dated as of the last day of the most recently completed fiscal year of Delota Corp. (formerly, Spyder Cannabis Inc.) ended January 31, 2022 (the “**Fiscal Year-End Date**”). All figures in this Annual Information Form are reported on a post-Consolidation (as defined herein) basis unless otherwise stated.

In this Annual Information Form, “**Delota**” or the “**Company**” means Delota Corp. (formerly, Spyder Cannabis Inc.), and where the context so requires, includes its Subsidiaries (as defined herein) and predecessors. All financial information and all dollar amounts in this Annual Information Form are prepared in Canadian dollars, unless otherwise indicated, and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IASB**”).

MARKET AND INDUSTRY DATA

This Annual Information Form may include market, industry data, and statistical information that has been obtained from third party sources, including industry publications. Market, industry data, and statistical information are subject to variations and cannot be verified with complete certainty due to, among other things, limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Furthermore, third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information.

Although the Company believes that market and industry data included in this Annual Information Form is accurate and that its estimates and assumptions are reasonable, there can be no assurance as to the accuracy or completeness of such data. Except as may be reasonable in the circumstances, the Company has not taken additional steps to independently verify any of the data from third-party sources referred to in this Annual Information Form or ascertained the underlying economic assumptions relied upon by such sources. Accordingly, readers are cautioned not to place undue reliance on the market and industry data included in this Annual Information Form. Except as required by Applicable Securities Laws (as defined herein), the Company does not intend, and does not assume any obligation, to update or revise any such information or data, whether as a result of new information, future events or otherwise.

CAUTIONARY STATEMENTS

Certain statements contained in this Annual Information Form, and in the documents incorporated by reference in this Annual Information Form, constitute “forward-looking information” and “forward-looking statements” (together, “**forward-looking statements**”) within the meaning of Applicable Securities Laws and are based on assumptions, expectations, estimates and projections as at the AIF Date. Forward-looking statements relate to future events or future performance and reflect Management’s (as defined herein) expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology.

Forward-looking statements in this Annual Information Form and in documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the Business (as defined herein) objectives and milestones and the anticipated timing of, and costs in connection with, the execution or achievement of such objectives and milestones;
- the Company’s future growth prospects, intentions to pursue one or more viable Business opportunities, and intended allocation of its capital to one or more segments of the Company’s operations (including without limitation, investments in marketing, sales and research and development);

- expectations relating to market size, and appeal of vape and cannabis products to relevant demographics in the jurisdictions within which the Company may from time to time operate or contemplate future operations;
- expectations of economic, Business, regulatory and/or competitive factors related to the Company or the vape or cannabis industries generally;
- the impact of COVID-19 (as defined herein) on the Company's current and future operations;
- the market for the Company's current and proposed product offerings, as well as the Company's ability to capture market share;
- the competitive landscape within which the Company operates and the Company's market share or reach;
- the number of Retail Store Authorizations processed and authorized by applicable cannabis regulatory authorities, and the effect thereof;
- the Company's ability to expand its retail footprint by opening new additional retail store locations the Company proposes to add to the Business;
- the Company's ability to generate cash flow from operations and from financing activities;
- the Company's intention to devote resources to the protection of its intellectual property rights;
- the Company's intention to delist its Common Shares (as defined herein) from the TSXV (as defined herein) and pursue a listing of the Common Shares on the CSE, including the timing thereof; and
- the Company's intention to complete the Continuance (as defined herein).

Forward-looking statements are subject to certain risks and uncertainties. Although Management believes that the expectations reflected in these forward-looking statements are reasonable in light of, among other things, its perception of trends, current conditions and expected developments, as well as other factors that Management believes to be relevant and reasonable in the circumstances at the date that such statements are made, readers are cautioned not to place undue reliance on forward looking statements, as forward looking statements may prove to be incorrect. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements. Importantly, forward-looking statements contained in this Annual Information Form and in documents incorporated by reference are based upon certain assumptions that Management believes to be reasonable based on the information currently available to Management, including, but not limited to, the assumptions that:

- current and future Management will abide by the Business objectives and strategies from time to time established by the Company;
- the Company will retain and supplement its Board (as defined herein) and Management, or otherwise engage consultants and advisors, having knowledge of the industries (or segments thereof) within which the Company may from time to time participate;
- the Company will maintain sufficient financing and working capital required to develop the Business and continue operations;
- the Company will continue to be able to meet its debt obligations to certain creditors;
- no adverse changes will be made to the regulatory framework governing vape or cannabis, taxes and all other applicable matters in the jurisdictions in which the Company conducts the Business and any other jurisdiction in which the Company may from time to time conduct the Business;

- the Company will be able to execute on its Business strategy, as in place from time to time;
- the Company will be able to meet the requirements necessary to obtain and/or maintain Authorizations required to conduct the Business;
- general economic, financial market, regulatory and political conditions in the jurisdictions within which the Company operates from time to time will remain the same;
- the Company will be able to continue to sell its products at competitive prices;
- the Company will be able to effectively manage anticipated and unanticipated costs;
- current and future economic conditions, including the impact of COVID-19, will not negatively affect the Company and Business;
- vape or cannabis prices will not decline materially;
- the Company will be able to conduct its operations in a safe, efficient and effective manner;
- general market conditions will be favourable with respect to the Company's future plans and goals;
- the Company will obtain the necessary approvals from the applicable regulatory bodies to be listed on the CSE if the Board decides to proceed with submitting an application to be listed with the CSE;
- the Company's products will continue to appeal to target demographics;
- the Company will receive the necessary approval of the applicable regulatory body and court to complete the Continuance; and
- the Company will be able to expand its retail footprint.

By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks that could cause results to differ materially from those expressed in forward-looking statements in this Annual Information Form and in documents incorporated by reference herein include:

- the Company's inability to attract and retain qualified members of Management and Key Personnel (as defined herein) to grow the Business and its operations;
- the Company's inability to capitalize on future growth prospects and intentions to pursue one or more viable business opportunities;
- unanticipated changes in economic and market conditions (including changes resulting from COVID-19);
- the impact of the publications of inaccurate or unfavourable research by securities analysts or other third parties;
- unanticipated changes in the vape or cannabis industries in the jurisdictions within which the Company may from time to time conduct its Business and operations, including the Company's inability to respond or adapt to such changes;
- the Company's inability to secure desirable retail store locations on favourable terms;
- the Company's inability to effectively protect its intellectual property;

- the Company's inability to effectively manage unanticipated costs and expenses, including costs and expenses associated with product recalls and judicial or administrative proceedings against the Company;
- the inability of the Company to delist from the TSXV and list on the CSE;
- the inability of the Company to complete the Continuance;
- the inability of the Company to maintain its various existing Authorizations;
- adverse impact of laws and regulations on the Business of Company, particularly pertaining to the marketing, acquisition, manufacturing, management, transportation, storage, sale, packaging and labeling and disposal of nicotine vapes, tobacco cannabis and related products;
- interruptions or shortages in the supply of vape or cannabis products from time to time available to support the Company's operations from time to time;
- negative shifts in public or consumer perception of vape or cannabis products;
- the Company's inability to comply with relevant laws and regulations, including but limited to, corruption and anti-bribery laws, privacy laws, and applicable securities regulations;
- potential exposure to regulatory or agency proceedings, investigations and audits by regulatory bodies resulting from the Company's inability to comply with relevant laws;
- the Company being required to recall products for any reason, including but not limited to, contaminants, unintended harmful side effects, packaging safety, or inadequate or inaccurate labelling disclosure;
- exposure to product liability claims by virtue of selling products designed to be ingested by humans;
- decline in the price of cannabis;
- adverse effects of COVID-19 or other disease outbreaks that may disrupt operations;
- adverse effects on the value of the Company's shares stemming from price volatility of the Company's trading shares;
- the Company's inability to secure additional financing and capital to develop the Business;
- the Company's inability to compete in the vape and cannabis markets;
- the officers, directors and consultants of the Company's inability to manage conflicts of interest between their duties to Company and outside business interests;
- exposure to liability, and damage to the Company's reputation resulting from fraudulent or illegal acts of the Company's employees, independent contractors, consultants, service providers and licensors;
- the Company's inability to develop new products or expand its market share;
- the Company's potential reliance on inaccurate market forecasts;
- the Company's inability to pay dividends that could attract future investments;
- adverse effects of poor cannabis crop yield;
- the Company's inability to claim insurance on potential losses;

- decline in retail prices of vape or cannabis products;
- the Company's inability to secure and maintain efficient transportation services for vape and cannabis products; and
- the Company's inability to secure or maintain favourable lease arrangements necessary to conduct Business and operations.

Readers are cautioned that the foregoing list of factors are not exhaustive. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements, and, in evaluating these forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading "*Risk Factors*", which may cause actual results to differ materially from the results, performance or achievements of the Company expressed or implied by any forward-looking statements.

The forward-looking statements contained herein are made as of the AIF Date, and except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

CERTAIN DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by Delota with the Canadian securities regulatory authorities are specifically incorporated by reference into, and form an integral part of, this Annual Information Form:

- (a) the material change report of the Company dated March 28, 2019 in respect of the entering into of the Amalgamation (as defined hereinafter) agreement with Spyder Vapes (as defined herein) to complete the Qualifying Transaction (as defined herein);
- (b) the filing statement of the Company dated April 30, 2019, prepared in connection with the Qualifying Transaction;
- (c) the material change report of the Company dated May 31, 2019 in respect of the Company's completion of its Qualifying Transaction and its concurrent financing for aggregate gross proceeds of \$274,500;
- (d) the material change report of the Company dated August 30, 2019, in respect of the entering into of a purchase agreement with an arm's length third party (the "**Vendor**") to acquire the Vendor's interest in a development permit issued by the City of Calgary for the operation of a retail cannabis store (the "**Development Permit**") and an assignment of the leased attached to such Development Permit (the "**Lease Assignment**"; together with the Development Permit, the "**DP Assets**"), pursuant to which, the purchase price for the DP Assets will be \$175,000, payable through the issuance of 600,000 Common Shares at a deemed price of \$0.2915 per share;
- (e) the material change report of the Company dated September 12, 2019, in respect of the entering into a memorandum of understanding (the "**MOU**") with HighBreed Growth Corp. ("**HBGC**"), that outlines the general terms and conditions pursuant to which HBGC and the Company would be willing to complete a transaction that will result in a reverse take-over of the Company by HBGC;
- (f) the material change report of the Company dated October 8, 2019, in respect of Brandon Kou resigning as a director of the Company;
- (g) the material change report of the Company dated November 19, 2019, in respect of the Company acquiring from the Vendor the DP Assets;

- (h) the material change report of the Company dated December 31, 2019, in respect of the MOU with HBGC lapsing pursuant to its terms and the Company no longer intending to delist from the TSXV (as defined herein);
- (i) the material change report of the Company dated January 10, 2020 in respect of the Company issuing an aggregate of 38,769 Common Shares at a deemed price of \$0.325 per Common Share in settlement of an aggregate of \$12,600 in services provided by AGORA (as defined herein);
- (j) the material change report of the Company dated January 13, 2020 in respect of the Company announcing a non-brokered private placement of senior secured convertible debentures in the aggregate principal amount of up to \$1,500,000 and the receipt from the City of Calgary of a building permit on January 10, 2019 for their cannabis store located at 104-58th Ave SW, Calgary, Alberta;
- (k) the material change report of the Company dated February 13, 2020 in respect of the Company canceling its non-brokered private placement of senior secured convertible debentures in the aggregate principal amount of up to \$1,500,000, securing bridge loans in the amount of \$442,000 and the appointment of Ben Leung to the Board (as defined herein);
- (l) the material change report of the Company dated July 6, 2020 in respect of the Company receiving a Retail Store Authorization (as defined herein) for its Niagara Falls dispensary located at 6474 Lundy's Lane;
- (m) the material change report of the Company dated September 3, 2020 in respect of the completion of a debt settlement transaction pursuant to which the Company issued, to certain creditors of the Company, an aggregate of 774,400 Common Shares at a deemed price of \$0.25 per Common Share in settlement of an aggregate of \$193,600 in indebtedness of the Company;
- (n) the material change report of the Company dated September 28, 2020 in respect of the Company completing a restructuring (the "**Debt Restructuring**") of approximately \$226,661 of its outstanding debt held by two creditors, and securing, from the creditors, commitments for additional funding of up to a total of \$140,000;
- (o) the material change report of the Company dated December 22, 2020 in respect of the Company entering into a loan agreement with an independent third party, pursuant to which the Company secured a loan in the amount of up to \$182,000;
- (p) the material change report of the Company dated January 27, 2021 in respect of the Company entering into a loan agreement with an independent third party, pursuant to which the Company secured a loan in the amount of up to \$200,000;
- (q) the material change report of the Company dated February 18, 2021 in respect of the Company receiving notice from the City of Pickering regarding an initial inspection of the Company's then proposed cannabis dispensary located at 776 Liverpool Rd., Unit 4, Pickering, Ontario, L1W 1S2;
- (r) the material change report of the Company dated March 1, 2021 in respect of the Company entering into the 180 Smoke Acquisition Agreement (as defined herein) and announcing its intention to complete a non-brokered private placement offering of 2,962,963 units at a price of \$0.3375 per unit for gross proceeds of approximately \$1,000,000;
- (s) the material change report of the Company dated March 19, 2021 in respect of the completion of a debt settlement transaction pursuant to which the Company issued, to certain creditors of the Company, an aggregate of 1,993,333 Common Shares at a deemed price of \$0.15 per Common Share in settlement of an aggregate of \$299,000 in indebtedness of the Company;
- (t) the material change report of the Company dated April 12, 2021 in respect of the closing of the non-brokered private placement offering of 2,962,956 units at a price of \$0.3375 per unit for gross proceeds of approximately \$1,000,000;

- (u) the material change report of the Company dated May 13, 2021 in respect of the resignations of Daniel Pelchovitz, as CEO, and Mark Pelchovitz, as CFO and Corporate Secretary, and the appointment of Cameron Wickham as executive vice chair of the Board, CEO, Corporate Secretary, a Director and member of the Audit Committee (as defined herein), Ankit Gosain as CFO, Mark Pelchovitz as executive chair of the Board and member of the Audit Committee and Steven Glaser as chair of the Audit Committee;
- (v) the material change report of the Company dated May 27, 2021 in respect of the appointment of Christina Pan as COO and the grant of certain stock options;
- (w) the management information circular of the Company dated June 6, 2021, prepared in connection with the annual general and special meeting of the shareholders of the Company held on July 12, 2021 (the “**2021 Meeting**”);
- (x) the business acquisition report of the Company dated June 15, 2021, in respect of the Company’s acquisition of (i) 2360149 Ontario Inc., (ii) 180 VFC Inc., and (iii) 2488004 Ontario Inc.;
- (y) the material change report of the Company dated August 30, 2021 relating to the announcement of the Consolidation;
- (z) the material change report of the Company dated September 22, 2021 relating to the completion of the Consolidation on September 17, 2021;
- (aa) the material change report of the Company dated November 18, 2021 relating to the completion of the Name Change (as defined herein) on November 17, 2021;
- (bb) the audited consolidated financial statements of the Company for the years ended January 31, 2022 and 2021 and the notes thereto, together with the auditor’s report thereon (the “**Annual Financial Statements**”);
- (cc) the management’s discussion and analysis of the Company for the Annual Financial Statements; and
- (dd) the material change report of the Company dated August 4, 2022 relating to the assignment of an outstanding secured loan in the principal amount of \$200,000 between the Company and an independent third party to a corporation controlled by Cameron Wickham, the Chief Executive Officer of the Company (the “**August 2022 Loan Assignment**”).

Any statement contained in this Annual Information Form or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Annual Information Form, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Annual Information Form.

Copies of the documents incorporated by reference in this Annual Information Form may be obtained upon request in writing or by telephone from Garfinkle Biderman LLP, legal counsel to Delota, without charge at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 (Telephone: 416-869-1234) or from the Company by e-mail, without charge, at info@delota.com. These documents are also available under Delota’s profile on SEDAR at www.sedar.com.

GLOSSARY OF TERMS

“**180 Smoke**” means 2360149 Ontario Inc. d/b/a 180 Smoke.

“**180 Smoke Acquisition**” has the meaning ascribed thereto under “*General Development of the Business – Developments during the Financial Year ended January 31, 2022*”.

“**180 Smoke Vape Store**” means the trade name under which 180 Smoke’s storefronts operate.

“**2020 Debenture Financing**” has the meaning ascribed thereto under “*General Development of the Business – Developments during the Financial Year ended January 31, 2020*”.

“**2021 Information Circular**” means the information circular of Delota, dated June 6, 2021, prepared in connection with the annual and special meeting of the shareholders of Delota held on July 12, 2021.

“**2021 Meeting**” means the annual and special meeting of the shareholders of Delota held on July 12, 2021.

“**2021 Offering**” has the meaning ascribed thereto under “*General Development of the Business – Developments during the Financial Year ended January 31, 2022*”.

“**2021 Units**” has the meaning ascribed thereto under “*General Development of the Business – Developments during the Financial Year ended January 31, 2022*”.

“**276 Ontario**” means 2766563 Ontario Inc.

“**ABCA**” means the *Business Corporations Act* (Alberta), including any regulations promulgated thereunder, as amended.

“**Acceleration Event**” has the meaning set out in “*Description of Capital Structure – Acceleration on Take-Over Bid, Consolidation or Merger Acceleration on Take-Over Bid, Consolidation or Merger*”.

“**ACMPR**” has the meaning set out in “*Regulatory Overview – Federal Framework*”.

“**Acquisition Co**” means 11304372 Canada Inc.

“**AGCO**” means the Alcohol and Gaming Commission of Ontario.

“**AGLC**” means the Alberta Gaming, Liquor and Cannabis Commission.

“**AGORA**” means AGORA Internet Relations Corp.

“**AIF Date**” has the meaning ascribed thereto under “*Annual Information Form*”.

“**Amalgamation**” has the meaning set out in “*General Development of the Business*”.

“**Annual Information Form**” means this annual information form of Delota for the financial year ended January 31, 2022, dated January 31, 2023.

“**Applicable Securities Laws**” means, as applicable, the securities legislation, securities regulation and securities rules, and the policies, notices, instruments and blanket orders of each Canadian securities regulator having the force of applicable Law and in force from time to time.

“**Audit Committee**” means the audit committee of the Board, as constituted from time to time.

“**Audit Committee Charter**” has the meaning set forth in the has the meaning set out in “*Audit Committee – Audit Committee Charter*”.

“**Authorizations**” means, collectively, all consents, licences, registrations, permits, authorizations, permissions, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given or otherwise made available by or under the authority of any Government Entity or pursuant to any requirement under applicable Law.

“**Awards**” has the meaning set out in “*Description of Capital Structure – Summary of the Omnibus Plan*”.

“**Bill 36**” has the meaning set forth in the has the meaning set out in “*Regulatory Overview – Provincial Framework*”.

“**Board**” means the board of directors of Delota, as constituted from time to time.

“**Board of Health**” means the board of health established under the *Ontario Health Protection and Promotion Act* in a municipal jurisdiction.

“**Business**” means the business carried on by Delota and its Subsidiaries as at the AIF Date, and where the context so requires, includes the business carried on by Delota and its Subsidiaries prior to the AIF Date.

“**Cannabis**” or “**cannabis**” means the plant *Cannabis sativa* L.

“**Cannabis Act**” means the *Cannabis Act* (Canada), including any regulations promulgated thereunder, as amended.

“**Cannabis Laws**” means, all applicable provincial, municipal, and/or federal legislation and regulations governing cannabis, cannabis paraphernalia, cannabis products, cannabis accessories, cannabis extracts, and activities related thereto in Canada in which the Company operates the Business, together with any successor legislation and regulations thereto, and for greater certainty, includes the Cannabis Act and the Cannabis Regulations.

“**Cannabis Licence Act**” has the meaning set out in “*Regulatory Overview – Provincial Framework*”.

“**Cannabis Regulations**” means the *Cannabis Regulations* (Canada), including any regulations promulgated thereunder, as amended.

“**CBCA**” means the *Canada Business Corporations Act*, including any regulations promulgated thereunder, as amended.

“**CDSA**” has the meaning set out in “*Regulatory Overview – Federal Framework*”.

“**CEO**” means the chief executive officer of Delota.

“**CFO**” means the chief financial officer of Delota.

“**Committee**” has the meaning set out in “*Description of Capital Structure – Summary of the Omnibus Plan*”.

“**Common Shares**” means the common shares in the capital of Delota.

“**Company**” has the meaning ascribed thereto under “*Annual Information Form*”.

“**Consolidation**” means the 5:1 consolidation of the Common Shares which occurred on September 17, 2021.

“**Continuance**” means the Company’s continuance out of the jurisdiction of the ABCA and into the jurisdiction of the OBCA.

“**COO**” means the chief operating officer of Delota.

“**Corporate Secretary**” means the corporate secretary of Delota.

“**COVID-19**” means the Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

“**CPC**” means a corporation: (a) in regard to which the completion of the Qualifying Transaction has not yet occurred, (b) that has been incorporated or organized in a jurisdiction in Canada, (c) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with Policy 2.4 of the TSXV Corporate Finance Manual entitled “*Capital Pool Companies*”.

“**CRA**” means the Canadian Revenue Agency.

“**CSE**” means the Canadian Securities Exchange operated by CNSX Markets Inc.

“**Director**” means a director of Delota Corp.

“**Delisting and Relisting**” has the meaning ascribed thereto under “*General Development of the Business – Developments during the Financial Year ended January 31, 2022*”.

“**Delota**” means Delota Corp., a corporation incorporated under the ABCA, and where the context so requires, includes its predecessors.

“**Development Permit**” has the meaning ascribed thereto under “*Certain Documents Incorporated by Reference*”.

“**ERP**” means Enterprise Resource Planning.

“**Fiscal Year-End Date**” has the meaning ascribed thereto under “*Annual Information Form*”.

“**Former Spyder Shares**” means common shares in the capital of Former Spyder Vapes.

“**Former Spyder Unit**” has the meaning ascribed thereto under “*General Development of the Business – Developments during the Financial Year ended January 31, 2020*”.

“**Former Spyder Warrant**” has the meaning ascribed thereto under “*General Development of the Business – Developments during the Financial Year ended January 31, 2020*”.

“**Former Spyder Vapes**” means Spyder Vapes Inc., a privately held company incorporated under the CBCA on August 18, 2014.

“**forward-looking statements**” has the meaning ascribed thereto under “*Cautionary Statements*”.

“**Governmental Entities**” means: (a) any international, multi-national, national, federal, provincial, territorial, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor in council, ministry, agency or instrumentality, domestic or foreign, including, for greater certainty, the AGCO and the AGLC, (b) any subdivision or authority of any of the foregoing, (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange, including, for greater certainty, the TSXV and CSE.

“**Green Spyder**” means The Green Spyder Inc.

“**HBGC**” means HighBreed Growth Corp.

“**HBGC Transaction**” has the meaning ascribed thereto under “*General Development of the Business – Developments during the Financial Year ended January 31, 2020*”.

“**Key Personnel**” means Management as well as certain consultants working for the Company.

“**Labelling Regulations**” has the meaning set out in “*Description of the Business – Licences and Regulations*”.

“**Laws**” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended, unless expressly specified otherwise, and for greater certainty, includes Cannabis Laws.

“**LCBO**” has the meaning set out in “*Regulatory Overview – Provincial Framework*”.

“**Licensed Producers**” means any person duly authorized by Health Canada pursuant to applicable Laws to engage in the cultivation, production, growth and/or distribution of cannabis.

“**Management**” means the management of the Company, as constituted from time to time.

“**Material Adverse Effect**” means a material adverse effect on the business, the properties, assets, liabilities (including contingent liabilities), results of operations, financial performance, financial condition, or the market and trading price of the securities, of the Company.

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

“**Name Change**” means the name change completed by the Company on November 17, 2021 from “Spyder Cannabis Inc.” to “Delota Corp.” to reflect the Company’s repositioning of its Business.

“**Non-Exhaustive List of Risk Factors**” has the meaning ascribed thereto under “*Risk Factors*”.

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

“**OCS**” means the Ontario Cannabis Store.

“**Offside Cannabis**” refers to the new and successor brand name for “*SPDR Cannabis*”.

“**Omnibus Plan**” has the meaning set out in “*Description of Capital Structure – Summary of the Omnibus Plan*”.

“**Ontario Act**” has the meaning set out in “*Regulatory Overview – Provincial Framework*”.

“**Ontario Cannabis Regulations**” has the meaning set out in “*Regulatory Overview – Provincial Framework*”.

“**Options**” has the meaning set out in “*Description of Capital Structure – Summary of the Omnibus Plan*”.

“**Person**” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative or government (including any Governmental Entity), syndicate or other entity, whether or not having legal status.

“**Promotion Regulations**” has the meaning set out in “*Description of the Business – Licences and Regulations*”.

“**Qualifying Transaction**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**Retail Manager Licence**” has the meaning set out in “*Regulatory Overview – Provincial Framework*”.

“**Retail Store Authorizations**” or “**RSA**” means, collectively, the Authorizations required in order to engage in the retail sale and distribution of adult-use cannabis and cannabis products at licenced premises.

“**Retail Store Operator Licence**” or “**ROL**” has the meaning set out in “*Provincial Framework*”.

“**Retail Cannabis Store Licence**” means a licence issued by the AGLC allowing the holder to sell cannabis products.

“**RSU**” means a restricted share unit.

“**RTO**” has the meaning set out in “*General Development of the Business*”.

“**SEDI**” means the System for Electronic Disclosure by Insiders.

“**SFOA**” has the meaning set out in “*Description of the Business – Licences and Regulations*”.

“**SPDR Cannabis**” refers to the former brand name of the Company’s primary retail cannabis business.

“**Spyder Cannabis Subco**” means Spyder Cannabis Subco Inc.

“**Subsidiary**” means a Person that is controlled directly or indirectly by another Person and includes a subsidiary of that subsidiary.

“TSXV” means the TSX Venture Exchange.

“TVPA” has the meaning set out in “Description of the Business – Licences and Regulations”.

“Vape Mall” has the meaning has the meaning ascribed thereto under “Description of the Business – Wholesale”.

“Vaping Product Licence” means a vaping product licence issued by the CRA.

“Warrants” means the Common Share purchase warrants of Delota.

CORPORATE STRUCTURE

Name, Address and Incorporation

Delota was incorporated under the ABCA on February 20, 2014 under the name “Anchor Capital Corporation”. On May 13, 2014, the Company amended its articles of incorporation to remove its private company provisions and the restrictions on share transfers. On May 31, 2019, following the completion of the Qualifying Transaction (as defined herein), the Company amended its articles of incorporation to change its name from “Anchor Capital Corporation” to “Spyder Cannabis Inc.” On September 17, 2021, the Company completed the Consolidation. On November 17, 2021, the Company completed the Name Change by changing its name to “Delota Corp.”

The registered and head office of the Company is located at 7941 Jane Street, Unit 2, Concord, Ontario, L4K 2M7.

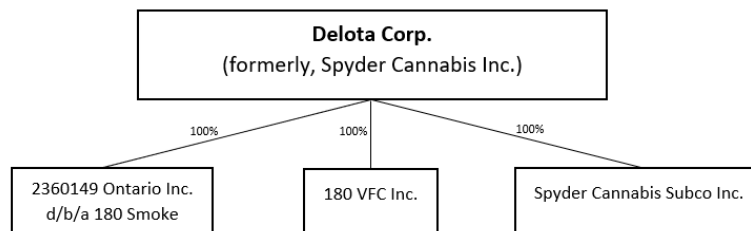
Delota is a reporting issuer in the provinces of Ontario, Alberta and British Columbia. The Common Shares are currently listed on the TSXV under the trading symbol “LOTA”; however, the Company intends to delist the Common Shares from the TSXV and list on the CSE.

Intercorporate Relationships

As at the AIF Date, the Company has 14 wholly-owned Subsidiaries. Delota materially operates the Business through the following Subsidiaries:

- Spyder Cannabis Subco, a wholly-owned Subsidiary of Delota formed under the CBCA on May 31, 2019.
- 180 Smoke, a wholly-owned Subsidiary of Delota formed under the OBCA on February 4, 2013.
- 180 VFC, a wholly-owned Subsidiary of Delota formed under the CBCA on January 6, 2017.

The following chart sets out the material intercorporate relationships of Delota, as at the AIF Date:



GENERAL DEVELOPMENT OF THE BUSINESS

The Company was incorporated on February 20, 2014, under the name “Anchor Capital Corporation” and operated as a CPC from December 2, 2014 to May 31, 2019 for the purposes of identifying and evaluating business opportunities to complete a qualifying transaction.

On May 13, 2014, the Company amended its articles of incorporation to remove its private company provisions and the restrictions on share transfers.

On December 2, 2014, the Common Shares were listed for trading on the TSXV under the symbol “ANC.P”. On October 5, 2017, the Common Shares were transferred to the NEX Board of the TSXV and began trading under the symbol “ANC.H”. On May 31, 2019, the Company completed its Qualifying Transaction and acquired all of the issued and outstanding Former Spyder Shares (the “**Qualifying Transaction**”) through a reverse takeover transaction (the “**RTO**”), which was effected pursuant to an amalgamation agreement between the Company and Former Spyder Vapes. As part of the RTO, Acquisition Co was formed as a wholly-owned Subsidiary of the Company solely for the purpose of facilitating the three-cornered amalgamation (the “**Amalgamation**”) in connection with the RTO. Pursuant to the Amalgamation, the Company purchased all of the issued and outstanding Former Spyder Shares on the basis of one Common Share for each Former Spyder Share immediately prior to the Amalgamation. In addition, the Company, as the resulting issuer, changed its name from “Anchor Capital Corporation” to “Spyder Cannabis Inc.” On November 17, 2021 the Company changed its name to “Delota Corp.” to reflect the Company’s repositioning of its Business to a vape and cannabis retailer. In connection with the Name Change, the Company began trading on the TSXV under its new name and ticker symbol “LOTA” on November 22, 2021.

Delota currently operates as an established vape and cannabis retailer that curates and sells vape and nicotine-related products, other smoking cessation products, cannabis products, and accessories where regulations permit. The Company currently operates 28 brick-and-mortar specialty vape stores in Ontario under the 180 Smoke Vape Store banner name, a leading Canada-wide specialty vape e-commerce platform (www.180smoke.ca), and five (5) AGCO-licensed dispensaries under the Offside Cannabis banner name in Ontario.

Three Year History

The following is a description of the general development of the Business during the last three financial years:

Developments during the Financial Year ended January 31, 2020

On May 31, 2019, Former Spyder Vapes completed a non-brokered financing of secured convertible debentures (the “**2019 Debenture Financing**”) concurrently with the completion of the Qualifying Transaction, raising gross proceeds of \$274,500 through the sale of secured convertible debentures, convertible into an aggregate of 1,830,000 units of Former Spyder Vapes (each a “**Former Spyder Unit**”) at a price of \$0.15 per Former Spyder Unit. Each Former Spyder Unit consisted of one Former Spyder Share and one-half of one Former Spyder Warrant, with each whole Former Spyder Warrant entitling the holder thereof to purchase one Former Spyder Share at an exercise price of \$0.30 per Former Spyder Share for a period of 24 months from the date of issuance. All such convertible debentures, together with accrued but unpaid interest thereon, were converted into Former Spyder Shares and Former Spyder Warrants immediately prior to the closing of the Amalgamation. Subsequent to the completion of the Amalgamation, all Former Spyder Shares underlying the secured convertible debentures were converted into Common Shares and all Former Spyder Warrants underlying the secured convertible debentures were adjusted to entitle the holders thereof to acquire an equivalent number of Common Shares.

On May 31, 2019, Delota completed its Qualifying Transaction and acquired all of the issued and outstanding Former Spyder Shares pursuant to the RTO.

On June 11, 2019, the Common Shares began trading on the TSXV under the symbol “SPDR”.

On June 20, 2019, the Company announced its intention to enter the United States hemp-derived cannabis market through the rollout of boutique retail stores and kiosks. The retail locations were to sell CBD products and other hemp-derived infused products to target the health and wellness consumers.

On June 26, 2019, the Company announced it had entered into an exclusive distribution agreement with Tetra Natural Health Inc., a Subsidiary of Tetra Bio-Pharma Inc., to distribute three flavours of their ‘Hemp Energy Drink’.

On July 18, 2019, the Company signed an agreement for the supply of full spectrum hemp-derived cannabis products including tinctures, soft gel capsules, balms and pet products.

On July 22, 2019, the Company received approval of its Development Permit in Calgary, Alberta which was intended to operate as both a retail location and a central distribution hub for its product offerings.

On August 29, 2019, the Company announced it had entered into a purchase agreement with an arm's length party to acquire an interest in a Development Permit and an attached lease. The consideration was paid by an issuance of 600,000 Common Shares amounting to \$175,000. The transaction was completed on November 12, 2019.

On September 12, 2019, the Company signed an MOU with HBGC that outlined the general terms and conditions pursuant to which HBGC and the Company would be willing to complete a transaction that would result in a reverse take-over of the Company by HBGC (the "**HBGC Transaction**"). The MOU was to be superseded by a definitive merger, amalgamation or share exchange agreement that was expected to be signed at such later date as may have been mutually agreed upon by the parties in writing. On December 20, 2019, the Company announced that the MOU had expired and that the HBGC Transaction would not be taking place.

On January 10, 2020, the Company announced pursuant to its agreement with AGORA, it issued 38,769 Common Shares at a deemed price of \$0.325 per share in consideration for the provision of \$12,600 in services provided by AGORA.

On January 13, 2020, the Company announced that it intended to complete a non-brokered private placement of senior secured convertible debentures in the aggregate principal amount of up to \$1,500,000, (the "**2020 Debenture Financing**"). The 2020 Debenture Financing was cancelled by the Company's announcement on February 3, 2020, as the Company secured bridge loans in the amount of \$442,000 provided primarily by Management and insiders in the Company. The term matures on July 25, 2020, bears interest at 12% per annum payable monthly in arrears and the Company may repay all or in part at any time during prior to maturity.

Developments during the Financial Year ended January 31, 2021

On May 12, 2020, the Company announced that its wholly-owned Subsidiary, Spyder Cannabis Subco, received its cannabis Retail Store Operator Licence from the AGCO.

On June 28, 2020, the Company announced that Spyder Cannabis Subco received a Retail Store Authorization from the AGCO for its cannabis dispensary located at 6474 Lundy's Lane, Niagara Falls, Ontario. The dispensary opened for business on August 8, 2020 and currently operates under the Offside Cannabis brand.

On July 29, 2020, the Company announced that its wholly-owned Subsidiary, Green Spyder, received a Retail Cannabis Store Licence from the AGLC for its cannabis dispensary located at 104-58th Avenue SE, Calgary, Alberta. The dispensary opened for business on September 26, 2020 and was subsequently closed due to COVID-19. Effective August 31, 2021, Green Spyder surrendered the premise to focus its operations in Ontario.

On August 24, 2020, the Company completed a debt settlement transaction, pursuant to which it issued, to certain creditors of the Company, an aggregate of 774,400 Common Shares at a price of \$0.25 per Common Share in settlement of an aggregate of \$193,600 in indebtedness of the Company.

As at October 31, 2020, the Company ceased all operations in the United States, and cancelled its plans to enter the hemp-derived cannabis market through the rollout of boutique retail stores and kiosks. The Company has instead opted to focus on building out its Canadian retail business.

Developments during the Financial Year ended January 31, 2022

On March 16, 2021, the Company completed a debt settlement transaction, pursuant to which the Company issued, to certain creditors of the Company, an aggregate of 1,993,333 Common Shares, at a deemed price of \$0.15 per Common Share, in settlement of an aggregate of \$299,000 in indebtedness of the Company. Certain directors of the Company

participated in the debt settlement and acquired an aggregate of 1,586,666 Common Shares in settlement of an aggregate of approximately \$237,997 in indebtedness of the Company.

On March 30, 2021, the Company acquired all of the issued and outstanding common shares of the entities that collectively comprise the business of 180 Smoke (the “**180 Smoke Acquisition**”), a dominant vape retailer in Canada, namely: (i) 2360149 Ontario Inc. d/b/a 180 Smoke and its wholly-owned subsidiaries, 420 Wellness Inc. and 180 Smoke LLC; (ii) 180 VFC Inc.; and (iii) 2488004 Ontario Inc. The 180 Smoke Acquisition was completed with an arm’s length party on a cash-free basis (after post-closing adjustments), for a nominal consideration of \$1. The Company filed the required Form 51-102F4 – *Business Acquisition Report* on June 15, 2021.

On April 1, 2021, the Company completed a non-brokered private placement offering (the “**2021 Offering**”) through the issuance of 2,962,956 units (“**2021 Units**”) of the Company, at a price of \$0.3375 per 2021 Unit, for total gross proceeds of approximately \$1,000,000. Each 2021 Unit consisted of one Common Share and one Warrant. Each Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.675 per Common Share at any time prior to the earlier of: (i) April 1, 2023; or (ii) in the event that the closing price of the Common Shares on the TSXV is at least \$1.00 for a minimum of 10 consecutive trading days, the Company may provide written notice to the holders of the Warrants accelerating the expiry date such Warrants to be 30 days following the date of issuance of such written notice. A director of the Company participated in the 2021 Offering and received 30,000 2021 Units for an aggregate subscription of \$10,125. In connection with the 2021 Offering, the Company paid finder’s fees in the amount of \$16,650 to Canaccord Genuity Corp. and \$4,050 to PI Financial Corp. No securities were issued as compensation in connection with the Offering.

On May 7, 2021, the Board appointed Cameron Wickham as Director, CEO and Corporate Secretary and Ankit Gosain as CFO. Daniel Pelchovitz, former CEO, continued with Delota as a Director and as chief executive officer of Delota’s cannabis division. Mark Pelchovitz, former CFO and Corporate Secretary, continued as a Director. The Board also appointed Mark Pelchovitz as executive chair of the Board and Cameron Wickham as executive vice chair of the Board.

On May 21, 2021, Delota appointed of Christina Pan as COO.

On May 21, 2021, the Company granted and issued Options for the purchase of up to 515,000 Common Shares to certain Company’s employees, officers and directors. These Options are exercisable for a period of four years from the date of issuance at an exercise price of \$0.50 per Common Share.

On May 27, 2021, the Company announced that Spyder Cannabis Subco received a Retail Store Authorization from the AGCO for its cannabis dispensary located at 776 Liverpool Rd., Unit 4, Pickering, Ontario. The dispensary opened for business on June 25, 2021 and currently operates under the Offside Cannabis brand.

On July 12, 2021, the Company held the 2021 Meeting. At the 2021 Meeting, shareholders voted in favour of all matters submitted before the Meeting as set out in the 2021 Information Circular, which included:

- a) appointing Stern & Lovrics LLP, Chartered Professional Accounts, as auditor of the Company for the ensuing year and authorizing the Board to fix their remuneration;
- b) electing Mark Pelchovitz, Cameron Wickham, Steven Glaser, Daniel Pelchovitz and Marc Askenasi to serve as Directors and to hold office until the next annual meeting of shareholders or until their successors are elected or appointed;
- c) approving the Omnibus Plan;
- d) authorizing the Company to delist its Common Shares from the TSXV and subsequently list them on the CSE or another stock exchange (the “**Delisting and Relisting**”);
- e) authorizing the amendment to the Company’s articles of incorporation to change the name of the Company to such name as determined by the Board in their sole discretion;

- f) authorizing the amendment to the Company's articles of incorporation to consolidate all of the Common Shares on the basis of a consolidation ratio of up to five (5) pre-consolidated Common Shares for one post-consolidated Common Share, with the exact ratio to be determined by the Board in their sole discretion; and
- g) authorizing the Company to effect a continuance from the ABCA to the OBCA and adopt a new general by-law.

Notwithstanding the approval of the Delisting and Relisting, Name Change, Consolidation and Continuance, the Board may, in its sole discretion, chose to not go ahead, change the timing of and/or abandon any of the foregoing matters without further approval of or action by or prior notice to shareholders of the Company.

On August 31, 2021, Green Spyder surrendered the premise located at 104-58th Avenue SE, Calgary, Alberta and the associated Retail Cannabis Store Licence from the AGLC to focus its operations in Ontario. With the closing of this location, the Company ceased its cannabis operations in the Province of Alberta.

On September 17, 2021, the Company completed the Consolidation.

On September 27, 2021, the Company announced that Spyder Cannabis Subco received a Retail Store Authorization from the AGCO for its cannabis dispensary located at 767 Taunton Road, Oshawa, Ontario. This location continues to operate as a 180 Smoke Vape Store.

On October 14, 2021, the Company announced the launch of its new retail dispensary brand, Offside Cannabis, dedicated to providing cannabis consumers with affordable prices and high-quality customer service. The brand will carry a tailored cannabis product assortment that will be appealing and relevant to the value-conscious demographic.

On November 3, 2021, the Company announced that Spyder Cannabis Subco received a Retail Store Authorization from the AGCO for its cannabis dispensary located at 5719 Victoria Avenue, Niagara Falls, Ontario.

On November 17, 2021, the Company changed its name from "Spyder Cannabis Inc." to "Delota Corp." In connection with the Name Change, the Company began trading on the TSX-V under its new name and ticker symbol "LOTA" on November 22, 2021.

Developments during the Financial Year ending on January 31, 2023

On February 4, 2022, the Company opened the cannabis dispensary located at 5719 Victoria Avenue, Niagara Falls, Ontario dispensary opened for business and currently operates under the Offside Cannabis brand.

On March 30, 2022, the Company acquired all of the issued and outstanding common shares of 276 Ontario from the shareholders of 276 Ontario for an aggregate purchase price of \$3,000,000.25, which the Company satisfied through the issuance of an aggregate of 12,000,001 Common Shares, at a price of \$0.25 per Common Share. 276 Ontario held a promissory note in the amount of \$11,129,172 owing from 180 Smoke.

On May 19, 2022, Spyder Cannabis Subco received a Retail Store Authorization from the AGCO for its cannabis dispensary located at 1033 King Street West, Hamilton, Ontario. The dispensary opened for business on June 3, 2022 and currently operates under the Offside Cannabis Brand.

On May 26, 2022, the Company opened a 180 Smoke Vape Store located at 41 William Street, Unit B, Ottawa, Ontario.

On July 28, 2022, the Company opened a 180 Smoke Vape Store located at 429 Spadina Avenue, Floor 2, Toronto, Ontario.

On July 29, 2022, the Company announced that an outstanding secured loan, in the principal amount of \$200,000, between the Company and an independent third party has been assigned to a corporation controlled by the CEO.

On September 26, 2022, the Company opened a 180 Smoke Vape Store located at 209860 Highway 26, Blue Mountains, Ontario.

On October 17, 2022, 180 Smoke received a Vaping Product Licence from the CRA, allowing the Company to continue to manufacture its owned and co-branded vaping products in Canada.

On November 4, 2022, Spyder Cannabis Subco received a Retail Store Authorization from the AGCO for its cannabis dispensary located at 693 Queen Street, Port Perry, Ontario. The dispensary opened for business on November 18, 2022 and currently operates under the Offside Cannabis brand.

Subsequent to the AIF Date, the Company intends to identify and pursue opportunities to increase its retail footprint.

DESCRIPTION OF THE BUSINESS

General

The Company is an established vape and cannabis retailer that curates and sells vape and nicotine-related products, other smoking cessation products, cannabis products, and accessories where regulations permit. The Company currently operates 28 brick-and-mortar specialty vape stores in Ontario under the 180 Smoke Vape Store banner name, a leading Canada-wide specialty vape e-commerce platform (www.180smoke.ca), and five (5) AGCO-licensed dispensaries under the Offside Cannabis banner name in Ontario.

The Company's business strategy is to build the most popular and trusted vape and cannabis brands in Canada by aggressively growing its retail footprint and developing store banners that resonate with a loyal and growing customer base. The Company aims to cater to local consumer demographics while delivering unique retail experiences to capitalize on the evolving vape and cannabis retail sectors.

In 2021, the Company acquired 180 Smoke, Ontario's largest specialty vape chain that currently operates 28 retail locations across the province and a leading Canada-wide e-commerce presence (www.180smoke.ca). 180 Smoke has over 322,000 customer accounts across its brick-and-mortar and e-commerce channels. 180 Smoke was the first Canadian retail chain securing "store within a store" partnerships with Big Tobacco.

The Company through its wholly owned Subsidiary, Spyder Cannabis Subco, operates the Offside Cannabis retail chain in accordance with Cannabis Laws. The Company sells cannabis products through its retail locations, located in the province of Ontario. As at the AIF Date, Spyder Cannabis Subco holds a Retail Store Operator Licence and five (5) Retail Store Authorizations issued by the AGCO to operate its five (5) Offside Cannabis dispensaries in Ontario.

The Company is focused on building its retail brands by leveraging the Company's know-how, infrastructure, processes and workforce to quickly scale its operations and retail footprint. The Company aims to attract, grow and retain a loyal customer base by creating unique retail experiences, optimized product assortments and best-in-class customer service.

The Company recognizes the revenues from the sale of vape and cannabis products as 'retail revenues' pursuant to IFRS 8.12. For the years ended January 31, 2022 and 2021, retail revenues represent 100% of the Company's total revenue. For ease of review, the issuer has described its business as if the vape and cannabis operations were separate operating segments notwithstanding that under its financial statements the segments are grouped as one operating segment.

Retail Vape Division

Guided by the purpose of "delivering a smoke-free future", the Company is committed to provide adult smokers with "harm-reduction" alternatives to combustible tobacco. The business of the Company's retail vape division focuses on supplying customers with a variety of differentiated and innovative nicotine vape products and accessories and providing a convenient omni-channel shopping experience.

180 Smoke Vape Store



180 Smoke is one of Canada's most recognizable speciality vape retailers. The Company's retail vape division serves customers through corporate-owned and franchised 180 Smoke Vape Stores and its branded e-commerce website (www.180smoke.ca). 180 Smoke also owns several consumer vape product brands, which it manufactures in-house. It also distributes its products on a wholesale basis through its Vape Mall wholesale business.

As at the AIF Date, the 20 corporate-owned 180 Smoke Vape Stores in Ontario are located as follows:

Municipality	Number of Locations
Toronto	10
Hamilton	3
Vaughan	2
Ottawa	1
Oshawa	1
Brampton	1
Mississauga	1
Blue Mountains	1

Franchise Stores

Currently, there are eight (8) franchised 180 Smoke Vape Stores that are operated by the Company's franchise partners. Each franchise partner owns the fixtures, equipment and inventory of the store they operate, employs the store staff and is responsible for the store's operating expenses. 180 Smoke's relationship with each franchise partner is governed by a franchise agreement which provides franchise partners access to, but are not limited to, the 180 Smoke brand name and recognition, category business management, operating procedures, online and offline marketing to legal age consumers, and distinctive information technology services. Each franchise partner agrees to comply with the policies, marketing plans and operating standards prescribed by 180 Smoke, which among other things, include purchasing merchandise primary from 180 Smoke, meeting store design standards, meeting operational standards, and offering merchandise to sell to consumers at prices not exceeding those set by 180 Smoke.

As of the AIF Date, the eight (8) franchised 180 Smoke Vape Stores in Ontario are located as follows:

Municipality	Number of Locations
Toronto	5
Richmond Hill	2
Oshawa	1

E-Commerce Platform

180 Smoke offers online shopping through its e-commerce website (www.180smoke.ca) and provides deliver-to-home order fulfillment through third party delivery partners. As at the end of 2022, the e-commerce platform for 180 Smoke receives an average of 120,000 sessions per month. 180 Smoke has over 322,000 customer accounts across its brick-and-mortar and e-commerce channels.

Wholesale

Vape Mall operates as 180 Smoke's wholesale channel to sell exclusive, semi-exclusive, and non-exclusive products to various vape businesses in Canada, including certain 180 Smoke competitors and smaller independent stores. 180

Smoke leverages its main warehouse inventory to conduct this business segment. Vape Mall is a distributor of brands including “STLTH”, “SnowPlus”, “RELX”, “SMOK”, “Pachamama” and “Charlie’s Chalk Dust”, among others.

Spyder Vapes

Spyder Vapes was a Greater Toronto Area centric specialty vape retailer with two (2) corporate locations and an e-commerce platform. As at the AIF Date, there are no operating Spyder Vapes-branded stores and the former brand has been integrated into 180 Smoke.

Owned Brands & Co-Packed Brands

Over the years, 180 Smoke has developed a strong portfolio of nicotine e-liquid brands in Canada, which are primarily sold at 180 Smoke’s vape stores, other specialty vape retailers, and independent retailers. Some of the Company’s most recognized brands include “Ace”, “Jinx”, “Brite”, and “Explore”. Owned brands provide the Company with a competitive advantage and a core differentiator in its product assortment, which increases customer engagement and loyalty. Additionally, owned brands improve 180 Smoke’s gross margins. These products are manufactured in-house.

180 Smoke operates an ISO 7 standard manufacturing facility at its head office in Concord, Ontario. The manufacturing facility produces over 203 SKU’s, including 70 co-packed SKU’s. As at the end of 2022, the Company has a manufacturing capacity of approximately 350,000 e-liquid bottles a year, which can be scaled up to 1 million e-liquid bottles a year.

In order to make improvements to its manufacturing process, and to adhere to regulatory requirements, the Company has implemented an Enterprise Resource Planning (“ERP”) system for manufacturing, quality control, reporting, and assurance, replacing manual labour-intensive processes. Samples from each batch are retained for quality control testing, batch tracking and recall purposes, if needed.

The Company is continuously focused on strengthening its owned brand portfolio through internal product development as well as selectively pursuing partnerships to complement key categories. The Company’s in-house mixologists and quality assurance associates are continually developing new e-liquid flavours to cater to emerging vaping trends and changing regulations.

On October 17, 2022, 180 Smoke successfully received its Vaping Product Licence from the CRA, allowing the Company to continue to manufacture its owned and co-branded vaping products from its Concord, Ontario manufacturing facility.

Product and Sales

180 Smoke sources merchandise and raw ingredients globally, however, a majority of finished goods sold across 180 Smoke’s retail vape division are purchased from distributors and vendors based in Canada. The Company has established strategic partnerships with big tobacco and key Canadian distributors. 180 Smoke leverages internal resources and third-party quality assurance providers to proactively manage product quality.

The Company’s supply chain function is responsible for managing the flow of products between suppliers, its main warehouse, and retail stores operating across Ontario. It is also responsible for online order fulfillment, which is performed out of the main warehouse that is supported by Company’s ERP system and third-party logistics providers.

Licences and Regulations

In Canada, the distribution and sale of vaping products and electronic cigarettes is regulated by federal, provincial, and municipal vaping regulations. For more details, see the heading “Regulatory Overview – Vape Regulatory Overview”.

Competition

The vape retail industry in Canada is highly fragmented, regulated and very competitive in terms of price, quality, service, and selection, as well as online presence, store location and environment. The Company's retail vape division competes against online-only retailers, speciality vape retailers, national brands which sells directly to consumers, and convenience and gas stores. While 180 Smoke carries a number of national brands in its assortment, an increasing number of these brands are expanding their direct-to-consumer sales channels. The Company is continually developing, and on-boarding new and innovative products and using data to enhance customer experience and to build customer loyalty.

Components

The Company produces an estimated 150,000 bottles of nicotine e-liquids annually. Raw materials, including propylene glycol, vegetable glycerine, nicotine, flavour concentrate, e-liquid bottles and caps, labeling materials, and others, are procured from various Canadian and international suppliers. The Company incurs an average expenditure of \$420,000 per year on raw materials.

Cycles

The Company's retail vape Business is not seasonal or cyclical. The Business from time to time may be affected by supply constraints, disruptions and seasonal variations that impact the supply of vape products. The impact of supply constraints, disruptions, and seasonal variations on the Business and its operating results cannot be predicted at this time.

Intangible Properties

The Company's retail brands, in particular 180 Smoke Vape Store are an essential part of the Company's operations. Trademarks and other intellectual property rights are an important part to maintain the success and the position of the Company.

The Company has trademarked "180 Smoke" which continues to be a valuable asset that distinguishes the Company's brand and reinforces consumer's positive perception of its products and stores. The Company protects its trademark by actively monitoring for infringements. The Company registered the "180 Smoke" trademark on July 28, 2016 for a duration of fifteen years, which will expire on July 28, 2031.

Specialized Skills & Knowledge

Aspects of the Company's retail vape division requires specialized skills and knowledge, including the retail sale of vape products within the various jurisdictions in Canada, in accordance with applicable Laws. The Management team is comprised of individuals with expertise in vape, retail and strong capital markets experience. The Management team along with its employees have the required knowledge and expertise to position the Company's retail-focused Business strategy.

Employees

As at the AIF Date, the Company's retail vape division has approximately 123 full-time and part-time employees based in Canada.

As of the most recent financial year end of January 31, 2022, the Company's retail vape division has approximately 105 full-time and part-time employees based in Canada.

Retail Cannabis Division

The Company through its wholly owned Subsidiary, Spyder Cannabis Subco, operates the Company's retail cannabis division under the Offside Cannabis retail brand in accordance with Cannabis Laws. The Company sells cannabis

products through its retail locations, located in the province of Ontario. The Company's goal is to become a premier regulated cannabis retailer. As at the AIF Date, Spyder Cannabis Subco holds a Retail Store Operator Licence and five (5) Retail Store Authorizations issued by the AGCO to operate its five (5) Offside Cannabis dispensaries in Ontario.

Offside Cannabis



Offside Cannabis is a value-centered dispensary brand providing retail and online services. Offside Cannabis believes in boutique products and services at big box bud prices.

As at the AIF Date, the five (5) Offside Cannabis dispensaries in Ontario are located as follows:

Municipality	Number of Locations
Niagara Falls	2
Hamilton	1
Pickering	1
Port Perry	1

Ontario

In Ontario, the Company through its wholly owned Subsidiary, Spyder Cannabis Subco currently holds one (1) Retail Store Operator Licence and five (5) Retail Store Authorizations issued by the AGCO to operate its five (5) Offside Cannabis dispensaries in Ontario.

In 2020, Spyder Cannabis Subco, received its cannabis *ROL* and *RSA* from the AGCO and opened its first dispensary in Niagara Falls, Ontario under the SPDR Cannabis brand. In 2021, Spyder Cannabis Subco received an additional *RSA* from the AGCO and opened its second Ontario dispensary in Pickering under the SPDR Cannabis brand. Later in 2021, Spyder Cannabis Subco received an additional *RSA* from the AGCO and opened its third dispensary in Ontario in Niagara Falls under its new retail dispensary brand, Offside Cannabis. The Company also rebranded its two remaining SPDR Cannabis dispensaries to the new Offside Cannabis banner name. In 2022, Spyder Cannabis Subco received two additional *RSAs* from the AGCO and opened two additional dispensaries in Hamilton and Port Perry, Ontario under the Offside Cannabis brand.

Alberta

In 2020, the Company's Subsidiary, Green Spyder, received its Retail Cannabis Store Licence from the AGLC and opened a dispensary in Calgary, Alberta under the SPDR Cannabis brand. On August 31, 2021, Green Spyder voluntarily surrendered its premise in Calgary and the associated Retail Store Operator Licence from the AGLC to cease its cannabis operations in Alberta to focus on its operations in Ontario.

Product and Sales

The retail sale of cannabis and cannabis products is only permitted by approved store operators at licenced premises in accordance with applicable federal, provincial and municipal laws. The Company is authorized to purchase, store and sell cannabis, and cannabis accessories in accordance with the terms and conditions of its cannabis retail store licences.

Licences and Regulations

In Canada, the retail sale of cannabis and cannabis products is only permitted by approved store operators at licenced premises in accordance with applicable federal, provincial and municipal laws. For more details, see the heading “*Regulatory Overview – Cannabis Regulatory Overview*”.

Competition

The Company faces competition from existing retailers, wholesalers and producers of cannabis for adult use. The Company expects some competitors may have greater financial resources, manufacturing capabilities, marketing expertise and access to the market. Market trends demonstrate consolidation in the retail cannabis industry, resulting in emerging “Multi-Jurisdictional Operators”.

To remain competitive, the Company will continue to invest in marketing and sales. The Company believes their competitive advantage comes from its experienced Management team with a proven track record in retail as well as leveraging 180 Smoke’s retail know-how, infrastructure, processes and supply chain support.

The Company expects a majority of its competition will be from multi-jurisdictional operators, which may have greater resources or a past history of operations. The Company believes that its competition can be grouped into four different categories: (i) existing retailers; (ii) government wholesalers; (iii) multi-jurisdictional operators; and (iv) the illicit market.

1. *Existing Retailers:* This class of competitors includes early-stage and semi-developed retail cannabis, as well as established retail cannabis businesses, which may be well capitalized, and which may also have an established and longer retail operating history in Canada. These competitors are able to compete directly with the Company in the cannabis market across Ontario.
2. *Government Competition:* The Company faces competition from government wholesalers that directly sell to consumers online such as the OCS.
3. *Multi-Jurisdictional Operators:* Multi-jurisdictional operators are companies that operate a retail footprint across various municipalities and regions. The competition may have relationships with entity’s that obtain an established retail operating history in Canada and may be well capitalized with significant scale.
4. *Illicit Market:* The Company faces competition through businesses and person(s) operating in the illicit market in Ontario. These competitors continue to divert a number of commercial opportunities from the Company, as they are able to compete directly in the cannabis markets across Canada.

To remain competitive, the Company will continue to invest in research and development, marketing, and sales. The Company believes their competitive advantage comes from the experienced Management team, with a proven track record.

Cycles

The Company’s retail cannabis Business is not seasonal or cyclical. The Business from time to time may be affected by supply constraints, disruptions and seasonal variations that impact the supply of cannabis products. The impact of supply constraints, disruptions, and seasonal variations on the Business and its operating results cannot be predicted be predicted at this time.

Economic Dependence

The Company is limited to exclusively selling cannabis sourced from the OCS. Accordingly, the Company’s sale of cannabis products is entirely dependent on the OCS. There is, however, no contract in place and the Company can purchase cannabis from the OCS at will.

Changes to Contracts

The Company is required to keep its ROL and RSA licenses current in order to acquire cannabis products from the OCS. The Company is limited to selling only cannabis sourced from the OCS. The RSAs must be renewed annually.

Intangible Properties

The Company's retail brands are an essential part of the Company's operations. Accordingly, the Company intends to seek protection of its intellectual property by obtaining registered protection agreements with parties that have access to the Company's inventions, trade secrets, technical know-how and proprietary information such as business partners, collaborators, employees and consultants to protect the confidentiality and ownership of intellectual property.

Specialized Skills & Knowledge

Aspects of the Company's retail cannabis division requires specialized skills and knowledge, including the retail sale of cannabis products within the various jurisdictions in Canada, in accordance with applicable Laws. The Management team is comprised of individuals with expertise in cannabis, retail and strong capital markets experience. The Management team along with its employees have the required knowledge and expertise to position the Company's retail-focused Business strategy.

Employees

As of the AIF Date, the Company's retail cannabis division has approximately 24 full-time and part-time employees based in Canada.

As of the most recent financial year end of January 31, 2022, the Company's retail cannabis division had approximately 19 full-time and part-time employees based in Canada.

As of the AIF Date, the Company and its Subsidiaries have approximately 147 full-time and part-time employees based in Canada.

As of the most recent financial year end of January 31, 2022 and its Subsidiaries had approximately 124 full-time and part-time employees.

Reorganizations

On May 31, 2019, Delota completed its Qualifying Transaction. For more details, see the heading "*General Development of the Business – Three Year History*".

REGULATORY OVERVIEW

Vape Regulatory Overview

In Canada, the distribution and sale of vaping products and electronic cigarettes is regulated by federal and provincial vaping regulations.

The scope of laws and regulations that apply to the Company's retail vape division include, but not limited to: the *Tobacco and Vaping Products Act*, the *Canada Consumer Product Safety Act*, the *Consumer Chemicals and Containers Regulations, 2001*; the *Food and Drugs Act*, and the *Smoke-Free Ontario Act, 2017*.

Furthermore, 180 Smoke is required to obtain and maintain specialty vape store registrations, tobacco retail dealer permits, and comply with various city bylaws with respect to vaping and tobacco sales including municipal business licences, as applicable.

Federal Framework

On May 23, 2018, the *Tobacco and Vaping Products Act* (“**TVPA**”) was enacted to regulate the manufacture, sale, labelling and promotion of tobacco products and vaping products sold in Canada. The TVPA replaced the Tobacco Act, which was originally enacted in 1997. Its purpose with respect to tobacco products remains the same, protecting the health of Canadians, preventing access to tobacco by young persons, enhancing public awareness of the health hazards associated with using tobacco products, and a ban on the use of menthol cigarettes. The TVPA also creates a legal framework for the regulation of vaping products providing guidelines on the advertising and promotion of vaping products.

On November 19, 2018, additional restrictions under the TVPA came into force to further support its objectives which includes the regulation, sale and promotion of vaping products, and the appeal to youth including interesting shapes or sounds, the promotion of flavours, and product promotion by testimonials.

On April 11, 2019, Health Canada began seeking input on additional regulatory measures aimed at reducing youth use of vaping products, which included, among other proposals, prohibiting the manufacture and sale of vaping products with certain flavours or flavour ingredients and/or prohibiting the promotion of certain flavours, restricting the concentration and/or delivery of nicotine in vaping products, regulating design features, restricting online retail access, and restricting product packaging.

On June 21, 2019, Health Canada launched public consultations for the proposed *Vaping Products Labelling and Packaging Regulations* (the “**Labelling Regulations**”). On December 24, 2019, the final Labelling Regulations were published in the Canada Gazette, Part II, setting out requirements in two parts: first, labelling requirements pursuant to the TVPA, and second, labelling requirements, child-resistant container requirements, and a maximum nicotine concentration limit pursuant to the *Canada Consumer Product Safety Act*.

The Labelling Regulations came into force on July 1, 2020, and required, among other items, a list of ingredients on vaping substances, that products containing nicotine display a standardized nicotine concentration statement, a health warning, child-resistant containers, and toxicity information. Enforcement for new labelling requirements took place on January 1, 2021.

On December 19, 2019, following the consultations on the Labelling Regulations, Health Canada proposed the vaping products promotion regulations (the “**Promotion Regulations**”). Supporting its position with statistics, Health Canada claims vaping has doubled among high school students as one rationale for the newly proposed Promotion Regulations, which are designed to better protect youth with public education, and to reduce the appeal of vaping products overall.

On July 8, 2020, Health Canada published final Promotion Regulations and additional promotion restrictions came into force on August 8, 2020. The Promotion Regulations placed stricter limits on the advertising and promotion of vaping products and require health warnings on vaping products. The Promotion Regulations would prohibit the advertising of vaping products in public spaces, such as convenience stores, gas stations, billboards, or online, and would only be allowed in specialty shops, businesses, and online spaces accessible by adults.

On December 19, 2020, Health Canada released a regulatory proposal to establish a maximum nicotine concentration of 20 mg/mL for vaping products. Health Canada has identified the availability of high-nicotine concentration vaping products in the Canadian market since 2018 as one of the key factors contributing to the rapid rise in youth vaping. On June 23, 2021, Health Canada published final regulations capping maximum nicotine level at 20 mg/mL. The regulations also prohibit the packaging and sale of vaping products if the nicotine concentration of the products exceeds this limit. Manufacturers were required to adhere and comply to this limit by July 8, 2021, and retailers were restricted from selling products that exceed this limit after July 23, 2021.

On June 18, 2021, Health Canada announced new restrictions to prevent youth vaping. Health Canada cited research that shows flavour vaping products are highly appealing to youth. To address this, Health Canada is proposing regulatory changes to permitted flavours in vaping products in the Canada Gazette, Part I for comment. The proposal would restrict the flavour options in vaping products in Canada to tobacco and mint/menthol. As of the AIF Date there has been no update from Health Canada regarding the flavour restriction proposal.

On April 7, 2022, the federal government announced details pertaining to an excise tax and stamps for vaping products. In addition to raising revenues, federal government believe this could become an effective means to help curtail harmful consumption of vaping products, especially amongst young people. Starting October 1, 2022, federal vaping tax on vaping products is collected on consumable vaping products manufactured in and imported for sale in Canada. The tax would amount to \$1 for every 2 mL (or fraction thereof) for containers with less than 10 mL of vaping liquid. For containers with more than 10 mL, the rate would be \$5 for the first 10 mL and \$1 for every additional 10 mL (or fraction thereof). On January 1, 2023, retailers may no longer sell un-stamped vaping products in Canada.

On June 18, 2022, Health Canada pre-published the proposed additional regulations which require vape products manufacturers disclose information regarding their sales and ingredients. This proposal marks Health Canada's first step towards vaping product reporting requirements, additional requirements are also being considered by the agency. Interested parties had 45 days to provide consultation on this proposal. Health Canada plans to publish the proposed changes in Canada Gazette in Spring 2023.

On October 1, 2022, the Government of Canada implemented an excise duty on vaping products. The excise duty applies to vaping substances that are manufactured in Canada or imported and that are intended for use in a vaping device in Canada. Manufacturers of vaping products are required to get a vaping product licence from the CRA. Importers are required to apply for a registration from the CRA. Manufacturers and importers are also required to register for the vaping stamping regime. All vaping products entering the Canadian duty-paid market are required to be packaged with an excise stamp affixed to the product. The excise stamps shows that duties have been paid.

Provincial Framework (Ontario)

Provincial and territorial governments in Canada have made varying announcements on the distribution, sale and use of vaping products. Given Ontario is 180 Smoke's largest market, accounting for approximately 92% of 180 Smoke's total revenue, this regulatory overview focuses on Ontario specific regulations, however, 180 Smoke actively monitors, adheres and respects regulations set by other provincial and territorial governments.

Ontario's *Smoke-Free Ontario Act, 2017* and *Ontario Regulation 268/18* (together, the "SFOA"), which came into force on October 17, 2018, is a single legislative framework that repealed and replaced the *Smoke-Free Ontario Act* and *Electronic Cigarettes Act, 2015*. The SFOA regulates the sale, supply, use, display, and promotion of both tobacco and vape products. Under the SFOA, the use of e-cigarettes is prohibited in enclosed public places and workplaces, including vape product retailers.

The current limitations for registered speciality vape stores are as follows:

- **Minimum Age:** Persons under 19 years of age are not permitted to enter the store, other than the owner, employee, or a support person accompanying an adult with a disability. If a customer appears to be under 25 years of age, a retailer must ask the customer for identification.
- **Testing and Demonstrations:** In the case of testing an e-cigarette device, customers are only permitted to hold the activated e-cigarette without inhaling or exhaling vapour from the device. This testing allows retail employees to identify potential product defects without inhaling or exhaling vapour from the product.
- **Sampling:** Only two customers may sample the vapour product in the store at the same time, which cannot contain tobacco, cannabis or a controlled substance. In addition, specialty vape stores must provide fresh, one-time use disposable mouthpieces for sampling, unless the e-cigarette is the personal possession of the person holding the device. Due to COVID-19, a majority of specialty vape stores in Ontario have voluntarily suspended the sampling of vape products.
- **Display and Promotion:** Registered specialty vape stores can display and promote vape products, but only within the retail establishment. Displays and promotions in front of the retail establishment are not permitted.
- **Mandatory Signage:** Employers or proprietors of retail stores that sell e-cigarettes must post a Vape Product Age Restriction sign and a Vape Product Identification Sign in clear view of the seller and customer at the point of sale. All retailers must post a "No Smoking" and "No Vaping" sign, or a dual "No Smoking and No Vaping" sign, at all entrances, exits, and washrooms, in appropriate locations.

To register as a specialty vape store under the SFOA, applicants will be required to submit both an application for registration as a specialty vape store and a statement of professional accountant to the Board of Health for the public health unit in which their business is located.

Effective January 1, 2020, the province of Ontario amended the regulations under the SFOA to significantly limit the promotion of vaping products. The objective of this regulatory amendment was to address youth vaping by banning the promotion of vapour products in convenience stores and gas stations and to prevent youth from being exposed and influenced by promotion in retail settings. The SFOA regulations were amended to limit the promotion of vapour products in specialty vape, which are only open to persons aged 19 and over.

On February 28, 2020, the Ontario government announced proposals to restrict the retail sale of flavoured vape products and high nicotine vape products (more than 20 mg/mL) to specialty vape stores. The *Smoke-Free Ontario Act, 2017* was amended on May 4, 2020, with the proposed changes. On January 1, 2021, Ontario began enforcing restrictions on sale of flavoured and high nicotine products.

Registrations and Permits

180 Smoke required to obtain and maintain specialty vape store registrations, tobacco retail dealer permits, and comply with various city bylaws with respect to vaping and tobacco sales including municipal business licences, as applicable.

Cannabis Regulatory Overview

The following summary is intended to provide a general overview of the primary Canadian federal and provincial Laws in respect of the distribution and sale of adult-use cannabis, cannabis products and cannabis accessories. The provincial and territorial regulatory frameworks relating to cannabis are complex and rapidly evolving, with provincial and territorial governments in Canada having taken different approaches to regulating cannabis and cannabis-related activities. The below summary is not intended to be an exhaustive and does not address the Laws of any other jurisdiction. The Company continues to monitor regulatory developments and their impact(s) on the Business, including the Company's proposed plans for further expansion and growth.

Federal Framework

On October 17, 2018, the Cannabis Act and the Cannabis Regulations came into force in Canada, replacing the *Access to Cannabis for Medical Purposes Regulations (Canada)* ("ACMPR") and the *Controlled Drugs and Substances Act (Canada)* ("CDSA") as the governing Laws in respect of the production, processing, sale and distribution of cannabis for medical and adult recreational use.

The Cannabis Act provides a licensing and permitting framework for the cultivation, processing, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis for adult recreational use, which is implemented by the Cannabis Regulations. Among other things, the Cannabis Act:

- Contains restrictions on the amounts of cannabis that individuals can possess and distribute, on public consumption and use.
- Prohibits the sale of cannabis unless authorized by the Cannabis Act.
- Permits individuals 18 years of age or older to cultivate, propagate, and harvest up to and including four (4) cannabis plants 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 cannabinoids to consumers, 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 of age and older (or any older age specified by applicable provincial legislation).

- Contains packaging and labelling requirements for cannabis and cannabis accessories.
- Prohibits the sale of cannabis or cannabis accessories in packaging or with labelling that could be appealing to young persons.
- Provides the designated 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.
- Establishes the cannabis tracking and licensing system.
- Provides powers to designated inspectors for the purpose of administering and enforcing the Cannabis Act and a system for administrative monetary penalties.

The Cannabis Act provides provincial and municipal governments the authority to prescribe regulations regarding retail and distribution, as well as the ability to alter some of the existing baseline requirements, such as increasing the minimum age for the purchase and consumption of cannabis. As at the AIF Date, various provincial and municipal governments in Canada have enacted legislation to regulate the storefront and online sale of cannabis produced by Licenced Producers.

The Cannabis Regulations, among other things:

- Provide for the issuance of cultivation licences for standard cultivation, micro-cultivation, and nursery cultivation, licences for standard processing and micro-processing, as well as sales licences for medical or non-medical use.
- Contain requirements for all cannabis products to be packaged in a tamper-evident and child-resistant manner.
- Require specified product information on cannabis product labels (such as the name of the party who packaged the products, the product lot number, and the tetrahydrocannabinol and cannabidiol content).
- Prohibit testimonials, lifestyle branding and packaging that is appealing to youth.

Provincial Framework (Ontario)

The following section outlines a general overview of the laws governing the retail sale and distribution of cannabis, cannabis products and cannabis accessories in Ontario.

On December 12, 2017, the Government of Ontario passed the *Cannabis Act, 2017* (Ontario) (the “**Ontario Act**”), to regulate the use, sale and distribution of adult-use cannabis exclusively through a limited number of government stores controlled by the OCS, a subsidiary of the existing Liquor Control Board of Ontario (the “**LCBO**”). In August 2018, following the Ontario provincial election, the new Government of Ontario changed course from their lottery system, announcing a new hybrid system that permits recreational cannabis to be sold in private retail stores, and online through the Province of Ontario.

On October 17, 2018, Bill 36, *An Act to enact a new Act and make amendments to various other Acts respecting the use and sale of cannabis and vapour products in Ontario* (Ontario) (“**Bill 36**”), received Royal Assent. Bill 36 amended the Ontario Act and enacted the *Cannabis Control Act* (Ontario), and the *Cannabis Licence Act, 2018* (Ontario) (the “**Cannabis Licence Act**”), to introduce a licensing regime for privately-owned retail cannabis outlets administered by the AGCO. On November 14, 2018, the Government of Ontario released the *General Regulation* under the Cannabis Licence Act (the “**Ontario Cannabis Regulations**”), which provides a licensing and regulatory regime for privately-owned and operated cannabis retail stores in the Province of Ontario. Authorized cannabis retail outlets may sell cannabis accessories, such as certain smoking accessories, in the same location as cannabis is sold.

As at the AIF Date:

- The AGCO has published the Registrar’s Standards for Cannabis Retail Stores, which, among other things, stipulates certain standards and requirements with respect to the advertising and promotional activities, training related to cannabis, security, and certain other matters.
- The Province of Ontario has set the minimum legal age for possession and consumption of cannabis in the province to 19 and permits cannabis smoking or vaping anywhere that permits tobacco smoking or e-cigarettes within the province.
- The OCS maintains a monopoly on online sales within the Province of Ontario and is the exclusive distributor of cannabis between Licenced Producers and cannabis retailers within the province.
- Licenced cannabis retail stores within the Province of Ontario (i) are only permitted to offer for sale cannabis products obtained from the OCS, cannabis accessories and items that in some way directly relate to cannabis or its use, and (ii) may not offer for sale any food or drink that is not cannabis related.

The Cannabis Licence Act has established the following types of licences and authorizations: (i) a retail operator licence (the “**Retail Store Operator Licence**”), (ii) a cannabis retail manager licence (the “**Retail Manager Licence**”), and (iii) an RSA. A cannabis retail store may only open for business within the Province of Ontario upon obtaining a RSA in respect of the specific location, with only applicants for or holders of a Retail Store Operator Licence being eligible to apply for a RSA. In addition, any individual acting in a management function within a cannabis retail store, other than the holder of the Retail Store Operator Licence, must possess a Retail Manager Licence.

Each of the RSA, the Retail Store Operator Licence, and the Retail Manager Licence are subject to certain eligibility criteria. For example, RSAs will not be issued for proposed locations that are within prescribed distances from schools or for locations within municipalities in the province that have opted out of having cannabis stores located within their boundaries prior to January 22, 2019. The AGCO can also refuse an applicant if the AGCO is not satisfied with the applicant’s ability to exercise sufficient control (directly or indirectly) over its retail cannabis business, including over the premises, equipment and facilities.

Although the Government of Ontario had previously implemented certain limits on the total number of retail cannabis stores permitted in the province, on December 12, 2019, the Government of Ontario announced that it would be moving toward an open market for retail cannabis stores. Effective January 6, 2020, amendments to the Ontario Cannabis Regulations eliminated the lottery process previously implemented to allocate a fixed number of Retail Store Operator Licences, and opened the application process for Retail Store Operator Licences to any interested applicant (instead of only lottery winners). On March 2, 2020, the AGCO revoked the then-existing restrictions on the total number of RSAs permitted in the province (which restrictions, in the period immediately prior to such date, permitted only applicants notified by the AGCO before January 6, 2020 to apply for a Retail Store Operator Licence).

The amendments implemented on March 2, 2020 also removed the regional distribution limits within the Province of Ontario, permitting retail cannabis stores to be opened in all municipalities that have not “opted out” of the retail cannabis system.

As at the AIF Date, a corporation is not eligible to be issued a Retail Store Operator Licence if more than twenty five percent (25%) of the corporation is owned or controlled, directly or indirectly, by one or more Licenced Producers or their affiliates (as defined under the Ontario Cannabis Regulations).

RISK FACTORS

The Company is subject to a number of risks. A non-exhaustive list of certain specific and general risks that Management is aware of and believe to be material to, and could affect, the business, results of operations, prospects and financial condition of the Company (the “**Non-Exhaustive List of Risk Factors**”) is attached as Schedule “A” to this Annual Information Form. When reviewing forward-looking statements and other information contained in this Annual Information Form, readers should carefully consider the Non-Exhaustive List of Risk Factors, as well as other

uncertainties, potential events and industry and company-specific factors that may have a Material Adverse Effect on the Company.

The Non-Exhaustive List of Risk Factors are not a definitive list of all risk factors associated with an investment in Delota or in connection with the Business. Additional risks and uncertainties not presently known to Management or that Management does not currently anticipate will be material may impair the Company's business operations and its operating results, and as a result could materially impact the business, results of operations, prospects and financial condition of the Company. Furthermore, the Company operates in a regulated and rapidly changing environment. New risk factors emerge from time to time and it is not possible for Management to predict all risk factors or the impact of such factors on the Business. Except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update or revise the Non-Exhaustive List of Risk Factors attached as Schedule "A" to this Annual Information Form or other information contained in this Annual Information Form.

DIVIDENDS AND DISTRIBUTIONS

In the three most recently completed financial years ended January 31, 2022, 2021 and 2020, the Company has not declared or paid any cash dividends on any of its issued securities. Other than requirements imposed under applicable corporate law, there are no other restrictions on the ability of the Company to pay dividends under the articles and other constating documents of the Company.

As at the AIF Date, the Company does not have any intention of paying dividends in the foreseeable future. Any determination to pay any future dividends in any of the Company's issued securities will remain at the discretion of the Board and will be made based an assessment of various factors, including, the Company's earnings, financial requirements and other conditions deemed relevant by the Board.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares, issuable in series. The preferred shares may be issued in one or more series and the Board is authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

As at the Fiscal Year-End Date, there were 14,809,614 Common Shares issued and outstanding. As at the AIF Date, there were 26,809,615 Common Shares issued and outstanding.

As at the Fiscal Year-End Date and the AIF Date, no preferred shares were issued and outstanding.

Common Shares

Holders of Common Shares are entitled to one (1) vote for each Common Share held at all meetings of the shareholders of Delota, to receive dividends if, as and when declared by the Board at its discretion from funds legally available for the payment of dividends, and, upon the liquidation, dissolution or winding up of Delota, to participate rateably in any distribution of the remaining property or assets of Delota, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares of Delota ranking senior in priority to, or on a *pro rata* basis with, the holders of Common Shares with respect to dividends or liquidation.

The Common Shares do not carry any pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase rights, nor do they contain any sinking fund or purchase fund provisions. There are no provisions requiring a holder of Common Shares to contribute additional capital, and there are no restrictions on the issuance of additional Common Shares by Delota.

Preferred Shares

As at the AIF Date, there are no Preferred Shares issued and outstanding. The Preferred Shares may be issued in one or more series and the Board is authorized to determine the voting rights, provisions for exchange, conversion,

exercise, redemption and retraction, dividend rights, and rights upon dissolution or winding-up are subject to the discretion of the Board per each series of Preferred Shares. Generally, the Preferred Shares of each series shall rank on parity with the Preferred Shares of every other series with respect to priority in the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary exclusive of any conversion rights that may affect the aforesaid. No class of shares may be created or rights and privileges increased to rank in parity or priority with the rights and privileges of the Preferred Shares, without limiting the generality of the foregoing, the rights of the Preferred Shares to receive dividends or to return of capital, without the approval of the holders of the Preferred Shares as required under the *Business Corporations Act* (Alberta).

Summary of the Omnibus Plan

The Company has in place an omnibus plan (the “**Omnibus Plan**”), which was last approved by the shareholders of Delota on July 12, 2021. The following summary of certain terms of the Omnibus Plan is qualified, in its entirety, by the full text of the Omnibus Plan, which is included in the 2021 Information Circular incorporated by reference herein, and available under Delota’s profile on SEDAR at www.sedar.com.

Purpose, Administration and Eligible Participants

The purpose of the Omnibus Plan is to advance the interests of the Company through the motivation, attraction and retention of key employees, consultants and directors of the Company and designated affiliates of the Company and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of Common Shares by key employees, consultants and directors of the Company and the designated affiliates of the Company through the granting of non-transferable options to purchase Common Shares (the “**Options**”) and RSUs (together, the “**Awards**”) to eligible participants under the Omnibus Plan. The Omnibus Plan is currently administered by the Board. Pursuant to the Omnibus Plan, the Board may delegate the administration of the Omnibus Plan to a committee (the “**Committee**”) of the directors of the Company authorized to carry out such administration and, failing a committee being so designated, the Omnibus Plan is to be administered by the Board.

Subject to the provisions of the Omnibus Plan, the Committee has the authority to select those persons to whom Awards will be granted. In respect of a grant of Options, eligible participants under the Omnibus Plan include the directors, officers and employees (including both full-time and part-time employees) of the Company or of any designated affiliate of the Company and any person or corporation engaged to provide ongoing management, advisory or consulting services for the Company or a designated affiliate of the Company or any employee of such person or corporation. In respect of a grant of RSUs, eligible participants under the Omnibus Plan include the directors, officers and employees (including both full-time and part-time employees) of the Company or of any designated affiliate of the Company and any person or corporation engaged to provide ongoing management, advisory or consulting services for the Company or a designated affiliate of the Company or any employee of such person or corporation, other than any persons retained to provide Investor Relations Activities (as such terms are defined in the policies of the TSXV).

Common Shares Subject to the Omnibus Plan

The aggregate number of Common Shares reserved for issue under the Omnibus Plan may not exceed ten percent (10%) of the Common Shares outstanding from time to time. The Omnibus Plan is a “rolling” maximum share Omnibus Plan, and any increase or reduction in the number of outstanding Common Shares will result in an increase or reduction, respectively, in the number of Common Shares that are available to be issued under the Omnibus Plan. The Omnibus Plan sets the maximum number of Common Shares reserved for issuance, in the aggregate, pursuant to the settlement of RSUs granted under the Omnibus Plan at 740,000 Common Shares.

As at the AIF Date, there were 735,000 Common Shares reserved for issue upon the exercise of outstanding Options, representing in the aggregate approximately 2.74% of the issued and outstanding Common Shares, leaving approximately 1,945,961 Common Shares currently available to be reserved for issuance pursuant to new grants of Options under the Omnibus Plan. As at the AIF Date, there were no RSUs issued and outstanding, leaving 740,000 Common Shares currently available to be reserved for issuance pursuant to new grants of RSUs under the Omnibus Plan.

The maximum number of Common Shares reserved for issue pursuant to Awards granted to participants who are insiders of the Company in any twelve (12) month period may not exceed, in the aggregate, ten percent (10%) of the number of Common Shares then outstanding, unless disinterested shareholder approval of the Company is received therefor in accordance with the policies of the TSXV. The maximum number of Common Shares reserved for issue pursuant to Awards granted under the Omnibus Plan to any one participant in any twelve (12) month period shall not exceed five percent (5%) of the number of Common Shares then outstanding, unless disinterested shareholder approval of the Company is received therefor in accordance with the policies of the TSXV. The maximum number of Common Shares reserved for issue under Awards granted to any one participant (other than a participant who is an eligible director or eligible employee) in any twelve (12) month period shall not exceed two percent (2%) of the number of Common Shares then outstanding.

The maximum number of Common Shares reserved for issue under Options granted to all eligible employees and to all participants (other than participants who are eligible directors) conducting investor relations activities in any twelve (12) month period shall not exceed, in the aggregate, two percent (2%) of the number of Common Shares then outstanding. Options granted to participants (other than participants who are eligible directors or eligible employees) performing investor relations activities shall vest in stages over a twelve (12) month period, with no more than one-fourth (1/4) of the Options vesting in any three (3) month period. The Committee shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Company by all grantees of Options performing investor relations activities.

Option Awards

Nature of Options

An Option is an option granted by the Company to a participant entitling such participant to acquire a designated number of Common Shares from treasury at the exercise price. The Company is obligated to issue and deliver the designated number of Common Shares on the exercise of an Option and shall have no independent discretion to settle an Option in cash or other property other than Common Shares issued from treasury.

Exercise Price of Options

The exercise price of any Option may not be less than the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed on the last trading day immediately preceding the date of grant of the Option less the maximum discount, if any, permitted by such stock exchange and, if the Common Shares are not then listed on any stock exchange, the exercise price may not be less than the fair market value of the Common Shares as may be determined by the Committee on the day immediately preceding the day of the grant of such Option.

Expiry Date of Options

Each Option, unless sooner terminated pursuant to the provisions of the Omnibus Plan, will expire on a date to be determined by the Committee at the time the Option is granted, subject to amendment by an employment contract, which date cannot be later than ten (10) years after the date the Option is granted. However, if the expiry date falls within a “blackout period” or within ten (10) business days after the expiry of a “blackout period”, then the expiry date of the Option will be the date which is ten (10) business days after the expiry of the blackout period.

Vesting and Exercise of Options

Except as otherwise provided in the Omnibus Plan or in any employment contract, each Option may be exercised during the term of the Option only in accordance with the vesting schedule, if any, determined by the Committee at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option, subject to applicable regulatory requirements. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option will be exercisable in whole at any time, or in part from time to time, during the term of the Option.

Effect of Termination

No Option granted under the Omnibus Plan may be exercised unless the optionee at the time of exercise thereof is:

- a) in the case of an eligible employee, an officer of the Company or a designated affiliate of the Company or in the employment of the Company or a designated affiliate of the Company and has been continuously an officer or so employed since the date of the grant of such Option;
- b) in the case of an eligible director who is not also an eligible employee, a director of the Company or a designated affiliate of the Company and has been such a director continuously since the date of the grant of such Option; and
- c) in the case of any other eligible participant, engaged, directly or indirectly, in providing ongoing management, advisory, consulting, technical or other services for the Company or a designated affiliate of the Company and has been so engaged since the date of the grant of such Option;

provided, however, that if a participant: (i) ceases to be a director of the Company and of the designated affiliates of the Company (and is not or does not continue to be an employee thereof) for any reason (other than death); or (ii) ceases to be employed by, or provide services to, the Company or the designated affiliates of the Company (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Company or the designated affiliates of the Company, for any reason (other than death) or receives notice from the Company or any designated affiliate of the Company of the termination of his or her employment contract, except as otherwise provided in any employment contract, such participant will have ninety (90) days from the date of such termination to exercise his or her Options to the extent that such participant was entitled to exercise such Options at the date of such termination. Notwithstanding the foregoing or any employment contract, in no event shall such right extend beyond the period during which the Option was exercisable under the terms of its grant or one (1) year from the date of such termination.

RSU Awards

Nature of an RSU

An RSU is an Award that is a bonus for services rendered in the year of grant, that, upon settlement, entitles the recipient participant to receive a cash payment equal to the closing price of the Common Shares on the TSXV on the last trading date prior to the applicable vesting date or, at the sole discretion of the Committee, a Common Share, and subject to such restrictions and conditions on vesting as the Committee may determine at the time of grant, unless such RSU expires prior to being settled.

Vesting

The Committee shall have sole discretion to determine if any vesting conditions with respect to an RSU, including any performance criteria or other vesting conditions contained in the applicable restricted share unit agreement, have been met or waive the vesting conditions applicable to RSUs (or deem them to be satisfied), and shall communicate to a participant, as soon as reasonably practicable, the date on which all such applicable vesting conditions in respect of a grant of RSUs have been satisfied and the RSUs have vested.

Settlement

Subject to the vesting and other conditions and provisions in the Omnibus Plan and in the applicable restricted share unit agreement, each RSU awarded to a participant shall entitle the participant to receive, on settlement, a cash payment equal to the closing price of the Common Shares on the TSXV on the last trading date prior to the vesting date, or, at the discretion of the Committee, one Common Share or any combination of cash and Common Shares as the Committee in its sole discretion may determine, in each case less any applicable withholding taxes. The Company (or the applicable designated affiliate) may, in its sole discretion, elect to settle all or any portion of the cash payment obligation by the delivery of Common Shares issued from treasury or acquired by a designated broker in the open

market on behalf of the participant. Subject to the terms and conditions in the Omnibus Plan, vested RSUs shall be redeemed by the Company (or the designated affiliate) as described above on the 15th day following the vesting date. Notwithstanding any other provisions in the Omnibus Plan, no payment, whether in cash or in Common Shares, shall be made in respect of the settlement of any RSUs later than December 15th of the third calendar year following the end of the calendar year in respect of which such RSU is granted.

Dividend Equivalents

Dividend equivalents may, as determined by the Committee in its sole discretion, be awarded as a bonus for services rendered in the year in respect of unvested RSUs in a participant's account on the same basis as cash dividends declared and paid on Common Shares as if the participant was a holder of record of Common Shares on the relevant record date. In the event that the participant's applicable RSUs do not vest, all dividend equivalents, if any, associated with such RSUs will be forfeited by the participant.

Effect of Death

If a participant dies, any unvested RSUs in the participant's account as at the date of such death shall become immediately forfeited and cancelled. For greater certainty, where a participant's employment or service relationship with the Company or a designated affiliate is terminated as a result of death following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the participant shall remain entitled to such distribution or payment. Notwithstanding the foregoing, if the Committee, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested RSUs, the date of such action is the applicable vesting date.

Effect of Termination

If a participant: (i) ceases to be a director or the Company or of a designated affiliate, as the case may be (and is not or does not continue to be an employee thereof), for any reason (other than death); or (ii) ceases to be employed by, or provide services to, the Company or the designated affiliates (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Company or the designated affiliates, for any reason (other than death) or shall receive notice from the Company or the designated affiliates of the termination of their employment contract; the participant's participation in the Omnibus Plan will be terminated immediately, all RSUs credited to such participant's account that have not vested will be forfeited and cancelled, and the participant's rights that relate to such participant's unvested RSUs shall be forfeited and cancelled on the termination date. Notwithstanding the foregoing, if the Committee, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested RSUs, the date of such action is the applicable vesting date.

Consolidation, Merger, etc.

If there is a consolidation, merger or statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two (2) or more entities or a sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity, upon the exercise or settlement, if applicable, of an Award under the Omnibus Plan the holder thereof is entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had been a holder of Common Shares immediately prior to the effective time of such event, unless the Committee otherwise determines appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the participant in respect of such Award in connection with such event.

Securities Exchange Take-Over Bid

If a take-over bid (within the meaning of the *Securities Act* (Ontario)) is made as a result of which all of the outstanding Common Shares are acquired by the offeror through compulsory acquisition provisions of the incorporating statute of the Company or otherwise, and where consideration is paid in whole or in part in equity securities of the offeror, the

Committee may send notice to all participants requiring them to surrender their Awards within ten (10) days of the mailing of such notice, and the optionees shall be deemed to have surrendered such Awards on the tenth (10th) day after the mailing of such notice without further formality, provided that, among other things, the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement options to the participants on the equity securities offered as consideration.

Acceleration on Take-Over Bid, Consolidation or Merger

In the event that: (a) the Company seeks or intends to seek approval from the shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as hereinafter defined); or (b) a person makes a bona fide offer or proposal to the Company or the shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event, then the Company is required to send notice to all optionees of such transaction, offer or proposal as soon as practicable. Provided that the Committee has determined that no adjustment will be made under the provisions of the Omnibus Plan described above under the heading “Consolidation, Merger, etc.”; (i) the Committee may by resolution, and notwithstanding any vesting schedule applicable to any Option, permit all Options outstanding which have restrictions on their exercise to become immediately exercisable during the period specified in the notice (but in no event later than the applicable expiry date of an Option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the Committee may accelerate the expiry date of such Options and the time for the fulfillment of any conditions or restrictions on such exercise. An “Acceleration Event” means an acquisition by any offeror of beneficial ownership of more than fifty percent (50%) of the votes attached to the outstanding voting securities of the Company, any consolidation merger or statutory amalgamation or arrangement of the Company with or into another corporation and pursuant to which the Company will not be the surviving entity (other than a transaction under which the shareholders of the Company immediately prior to completion of the transaction will have the same proportionate ownership of the surviving corporation), a separation of the business of the Company into two (2) or more entities, a sale, lease exchange or other transfer of all or substantially all of the assets of the Company to another entity or the approval by shareholders of the Company of any plan of liquidation or dissolution of the Company.

Amendments, Modifications and Changes

The Committee has the right under the Omnibus Plan to make certain amendments to the Omnibus Plan, including, but not limited to, amendments of a “housekeeping” nature, to comply with applicable law or regulation, to the vesting provisions of the Omnibus Plan, to the terms of any Award previously granted (with the consent of the optionee), and with respect to the effect of the termination of an optionee’s position, employment or services under the Omnibus Plan, to the categories of persons who are participants in respect of the administration or implementation of the Omnibus Plan.

The Committee has the right, under the Omnibus Plan, with the approval of the shareholders of the Company, to make certain amendments to the Omnibus Plan, including, but not limited to, any change to the number of Common Shares issuable from treasury under the Omnibus Plan, any amendment which reduces the exercise price of any Award, any amendment which extends the expiry date of an Award other than as permitted under the Omnibus Plan, any amendment which cancels any Award and replaces such Award with an Award which has a lower exercise price, any amendment which would permit Awards to be transferred or assigned by any participant other than as currently permitted under the Omnibus Plan, and any amendments to the amendment provisions of the Omnibus Plan.

Options

As at the Fiscal Year-End Date and the AIF Date, the Company has an aggregate of 735,000 unexercised Options issued and outstanding under the Omnibus Plan. The following table describes the material terms of the issued and outstanding Options.

Date Issued	Number of Underlying Common Shares	Exercise Price	Expiry Date
October 10, 2018	100,000	\$0.50	October 10, 2023
November 1, 2018	120,000	\$0.50	November 1, 2023

May 21, 2021	515,000	\$0.50	May 21, 2025
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RSUs

As at the Fiscal Year-End Date and the AIF Date, the Company has no RSUs issued and outstanding under the Omnibus Plan.

Warrants

As at the Fiscal Year-End Date and the AIF Date, the Company has an aggregate of 2,962,956 unexercised Warrants issued and outstanding. The following table describes the material terms of the issued and outstanding Warrants.

Date Issued	Number of Underlying Common Shares	Exercise Price	Expiry Date
April 1, 2021	2,962,956	\$0.675	April 1, 2023 ⁽¹⁾

Note:

- (1) In the event that the closing price of the Common Shares on the TSXV is at least \$1.00 per share for a minimum of ten (10) consecutive trading dates, the Company may provide written notice to the holders of the Warrants accelerating the expiry date of such Warrants to be thirty (30) days following the date of such written notice.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed for trading on the TSXV under the trading symbol “LOTA”.

The following table sets forth information relating to the high and low closing market prices and the volume traded of the Common Shares on the TSXV for the months indicated:

Month	(\$ High)	(\$ Low)	Trading Volume
January 2023	0.16	0.14	33,326
December 2022	0.155	0.115	172,480
November 2022	0.18	0.11	273,937
October 2022	0.19	0.15	140,020
September 2022	0.19	0.15	102,469
August 2022	0.20	0.155	379,398
July 2022	0.195	0.17	448,875
June 2022	0.22	0.175	858,149
May 2022	0.225	0.16	260,355
April 2022	0.255	0.21	196,432
March 2022	0.285	0.22	172,198
February 2022	0.285	0.24	322,775
January 2022	0.30	0.215	358,354
December 2021	0.29	0.22	352,227
November 2021	0.37	0.17	787,543
October 2021	0.28	0.16	873,168
September 2021	0.37	0.20	566,769
August 2021	0.30	0.20	685,564
July 2021	0.30	0.20	626,050
June 2021	0.45	0.275	846,063
May 2021	0.45	0.35	867,630

April 2021	0.525	0.325	932,425
March 2021	0.725	0.425	2,424,507
February 2021	1.95	0.15	11,493,327

Note:

(1) All figures in this table are reported on a post-Consolidation basis.

Prior Sales

During the fiscal year of Delota ended January 31, 2022, the Company issued the following securities, which are convertible into Common Shares but are not listed or quoted on a marketplace:

Warrants

Date Issued	Number of Warrants	Number of Common Shares Issuable Upon Exercise	Exercise Price (per Common Share)
April 1, 2021	2,962,956	2,962,956	\$0.675

ESCROWED SECURITIES

As at the AIF Date, there were no escrowed securities or securities subject to contractual restrictions on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out certain information with respect to the directors and/or officers of Delota. Each director of Delota is elected to hold office until the next annual meeting of the shareholders of the Company or until their successor is duly elected or appointed.

Name, Province, and Country of Residence, Position with the Company	Present Principal Occupation If Different From Office Held & Principal Occupation For The Past 5 Years ⁽¹⁾	Term of Appointment	Common Shares Owned or Over Which Control or Direction is Exercised ⁽²⁾⁽³⁾
Mark Pelchovitz⁽⁴⁾ <i>Ontario, Canada</i> <i>Director and Executive Chair</i>	Partner at Truster Zweig LLP (since 1989). Mr. Pelchovitz is a Chartered Public Accountant.	Director from May 31, 2019 to present Executive Chair from May 13, 2021 to present	2,779,299 (10.37%)

<p>Cameron Wickham</p> <p><i>Ontario, Canada</i></p> <p><i>Director, Executive Vice Chair, Chief Executive Officer, and Corporate Secretary</i></p>	<p>Director, CEO and Corporate Secretary (since May 2021); Corporate finance advisor/consultant to various listed issuers (between 2012 – 2023); Director and Interim Chief Financial Officer of Champion Gaming Group Inc. (since March 2021); Chief Financial Officer of Baymount Incorporated (since March 2019); Director of Highvista Gold Inc. (since October 2022).</p> <p>Mr. Wickham has over ten years of experience in public company management in the vape, cannabis, gaming and consumer finance sectors.</p>	<p>May 7, 2021 to present</p>	<p>310,000</p> <p>(1.16%)</p>
<p>Steven Glaser⁽⁴⁾</p> <p><i>Ontario, Canada</i></p> <p><i>Director</i></p>	<p>Director, Chief Financial Officer and Chief Operating Officer of Pool Safe Inc. (since April 2017); Principal of Glaser Capital Advisors (since October 2015).</p> <p>Mr. Glaser is a financial service executive with a diverse background in corporate finance, communications and governance for private and public companies.</p>	<p>May 31, 2019 to present</p>	<p>86,666</p> <p>(0.32%)</p>
<p>Marc Askenasi⁽⁴⁾</p> <p><i>Ontario, Canada</i></p> <p><i>Director</i></p>	<p>Founder and President of Pi Co. (since May 2016); President of Baron Group Ventures Inc. (since February 2009).</p> <p>Mr. Askenasi is an entrepreneur with a diverse background in quick service restaurants, advertising, media and gaming.</p>	<p>July 12, 2021 to present</p>	<p>Nil</p> <p>(0.00%)</p>
<p>Daniel Pelchovitz</p> <p><i>Ontario, Canada</i></p> <p><i>Director and Chief Executive Officer of the Company's Cannabis Division</i></p>	<p>Director and Chief Executive Officer of the Company's cannabis division (since May 2019); Founder, President and Chief Executive Officer of Spyder Vapes Inc. (since October 2014).</p> <p>Mr. Pelchovitz has over eight years of experience in the cannabis and vape sectors and has successfully launched and operated a number of retail stores.</p>	<p>Director from May 31, 2019 to present</p> <p>Chief Executive Officer of the Company's Cannabis Division from May 7, 2021</p>	<p>764,328</p> <p>(2.85%)</p>

<p>Ankit Gosain <i>Ontario, Canada</i> <i>Chief Financial Officer</i></p>	<p>CFO (since May 2021); Principal of BKG Professional Corporation (since February 2018); Chief Financial Officer of KMT-Hansa Corp. (since August 2019); Consultant to a number of private and public companies (between 2016 – 2021).</p> <p>Mr. Gosain is a CFA Charterholder, Chartered Professional Accountant and Chartered Accountant, and an advisor to various private and public companies.</p>	<p>May 7, 2021 to present</p>	<p>155,000 (0.58%)</p>
<p>Christina Pan <i>Ontario, Canada</i> <i>Chief Operating Officer</i></p>	<p>COO (since May 2021); Chief Operating Officer of 180 Smoke (since September 2019); Corporate Development Manager of Origin House (October 2018 – September 2019); Director of Marketing of Restaurant Brands International (June 2016 – August 2018).</p> <p>Ms. Pan has over ten years of experience in retail, Quick Service Restaurants (QSR) and Consumer Package Goods (CPG).</p>	<p>May 21, 2021 to present</p>	<p>Nil (0.00%)</p>

Notes:

- (1) Information with respect to the principal occupation, business or employment is not within the knowledge of the Company and has been furnished by the respective director and/or officer.
- (2) The number of Common Shares beneficially owned, or over which control or direction is exercised, not being within the direct knowledge of the Company, has been furnished by the respective director and/or officer or obtained from SEDI and may include Common Shares owned or controlled by their spouses and/or children and/or companies controlled by them or their spouses and/or children.
- (3) Percentage of total Common Shares is based on 26,809,615 Common Shares issued and outstanding as at the AIF Date.
- (4) Member of the Audit Committee.

As at the AIF Date, based on the Company’s review of insider reports filed with SEDI and from information furnished by each director and/or officer of Delota, the directors and/or officers of the Company, as a group, beneficially owned, directly or indirectly, and exercised control or direction over approximately 4,095,293 Common Shares, representing approximately 15.28% of the issued and outstanding Common Shares as at the AIF Date.

The following are brief biographies of the directors and officers of the Company:

Mark Pelchovitz (Director and Executive Chair)

Mr. Pelchovitz is a partner at Truster Zweig LLP where his practice focuses primarily on accounting, auditing, and tax planning in a wide range of fields, including real estate, software development, travel, professionals, and the automotive industry. His client base is comprised of owner managed businesses. Mr. Pelchovitz is a CPA, CA, LPA and a BBA, and a graduate of York University’s Schulich School of Business.

Cameron Wickham (Director, Executive Vice Chair, Chief Executive Officer, and Corporate Secretary)

Mr. Wickham is a seasoned public company executive with over a decade of experience in various sectors, including vape, cannabis, gaming and consumer finance. He has a proven track record of successfully navigating complex going public transactions in Canada and the United States, with a specialty in early-stage financing structures, M&A and ongoing management of public companies having extensive experience in managing corporate finance, audit and legal teams. Mr. Wickham began his career in investment banking after obtaining his Bachelor of Commerce from Queen’s University. He currently serves as a director and Interim Chief Financial Officer of Champion Gaming Group Inc., as

Chief Financial Officer of Baymount Incorporated, as a director of Highvista Gold Inc., and as an advisor to a number of public companies.

Steven Glaser (Director)

Mr. Glaser is a financial service executive with a diverse background in corporate finance, communications and governance for private and public companies. He is currently Chief Financial Officer, Chief Operating Officer and a director at Pool Safe Inc., a company that designs, develops and distributes a product known as the “LounGenie”. From 2008 through 2017, Mr. Glaser worked in the corporate finance and investment banking arena focused on assisting late stage private and early-stage public companies with strategic planning and capital raising. Prior to that, Mr. Glaser spent seven years as Vice President Corporate Affairs of Azure Dynamics Corporation. He was responsible for the company’s corporate governance, its domestic and international stock exchange listings, as well as the build-out of the company’s investor relations division. Mr. Glaser holds a Bachelor of Administrative Studies degree as well as an M.B.A. in finance.

Marc Askenasi (Director)

Mr. Askenasi has founded numerous companies, orchestrated transactions with and has acted as a consultant to both private and public companies across an array of sectors including: advertising, marketing media, publicity, government, gaming (lottery and casino), telecommunications, healthcare, mining exploration, restaurants and hospitality. Mr. Askenasi is the Founder and President of Pi Co., one of the fastest growing quick service restaurant franchises in Canada. He is also the President of Baron Group Ventures Inc. and is a director of Spruce Ridge Resources Ltd., a listed issuer.

Daniel Pelchovitz (Director and Chief Executive Officer of the Company’s Cannabis Division)

Mr. Pelchovitz is a leader in the vape industry and was the founder of Spyder Vapes Inc. which was acquired by the Company through a reverse takeover transaction completed on May 31, 2019. In addition to launching Spyder Vapes, Mr. Pelchovitz has been involved in several vape shop and cannabis store launches. With over eight years of experience in the vape industry, Mr. Pelchovitz has cultivated a loyal following of customers and has built strong and lasting relationships with many of the largest manufacturers in the business. Since 2019, Mr. Pelchovitz has developed and launched the Company’s SPDR Cannabis and Offside Cannabis dispensary brands. Mr. Pelchovitz holds a diploma in international business from Seneca College.

Ankit Gosain (Chief Financial Officer)

Mr. Gosain is a highly experienced professional with over a decade of experience in providing business advisory, accounting and corporate strategy services to a variety of industries including cannabis, technology, pharmaceutical, real estate and natural resources. Mr. Gosain has helped numerous public companies in resolving complex accounting issues and implementing systems to address corporate governance, regulatory and reporting requirements. Mr. Gosain has assisted companies in going public transactions through CPCs and reverse takeovers. Mr. Gosain obtained his CPA, CA designation and his CFA Charterholder after graduating from Western University and has experience working in national and international accounting firms in Canada. Mr. Gosain also provides advisory services to a number of private and public companies.

Christina Pan (Chief Operating Officer)

Ms. Pan has over ten years of experience in retail, Quick Service Restaurants (QSR) and Consumer Package Goods (CPG). Since September 2019, Christina has been leading the 180 Smoke business and assisted with the acquisition of 180 Smoke by the Company. In 2018, Ms. Pan joined the booming cannabis sector as a key member of Origin House’s (acquired by Cresco Labs Inc.) corporate development team where she spearheaded transaction, due diligence and integration for all retail and marketing related assets. Prior to Origin House, Christina was at an iconic Canadian brand, Tim Hortons (RBI/3G), which oversees the system of 4,000+ restaurants across the nation. At Tim Hortons, Ms. Pan was involved in all aspects of the business where she led category strategy, product innovation and loyalty development. Prior to Tim Hortons, Christina developed strong marketing and sales skills at Revlon Cosmetics where

she launched various award-winning products and actively managed key accounts. Ms. Pan holds HBA and MBA degrees from Ivey Business School (Western University).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

As at the AIF Date, no director or executive officer of the Company is, or has been within 10 years before the AIF Date, a director, chief executive officer or chief financial officer of any company (including Delota), that:

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

Bankruptcies

As at the AIF Date, no director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of Delota to affect materially the control of the Company:

- (a) is, as at the AIF Date, or has been within the 10 years before the AIF Date, a director or executive officer of any company (including Delota) that, while that Person was acting in that capacity, or within a year of that Person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the AIF Date, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

As at the AIF Date, no director or executive officer of the Company, nor a shareholder of holding a sufficient number of securities of Delota to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The Company's directors and officers may serve as directors and/or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of Delota may have a conflict of interest in negotiating and concluding terms respecting the transaction. The Company's directors and officers may, from time to time, also be engaged in certain outside business interests that do not materially or adversely interfere with their duties to the Company. In some cases, the Company's

directors and officers may have fiduciary obligations associated with such outside business interests, that could interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. Further, such outside business interests could require significant time and attention of the Company's directors and officers.

In addition, the Company may also become involved in other transactions which conflict with the interests of the Company's directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable Laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable Laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

PROMOTERS

Other than described herein, within the two most recently completed financial years ended January 31, 2022 and January 31, 2021 and to the AIF date, no person has been a promoter of the Company. Cameron Wickham may be considered to be a promoter of the Company in that he took initiative in substantially reorganizing the Company's Business. As at the AIF Date, Mr. Wickham beneficially owns, controls or directs, directly or indirectly, 310,000 Common Shares, representing 1.16% of the issued and outstanding Common Shares. On May 21, 2021, Mr. Wickham was issued 160,000 Options which vested immediately, exercisable at \$0.50 and expiring on May 21, 2025. As at the AIF Date, Mr. Wickham has not exercised any of his Options.

On July 29, 2022, an outstanding secured loan, in the principal amount of \$200,000, between the Company and an independent third party (at the time the loan was entered into) was assigned to a corporation controlled by Mr. Wickham. The loan bears interest at a nominal interest rate of 21.70% per annum and is payable on demand.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company was not subject to any material legal proceedings during its most recently completed financial year, nor is the Company or any of its properties a party to or the subject of any such proceedings, and no such proceedings are known to be contemplated. The Company may be involved in routine, non-material litigation arising in the ordinary course of business, from time to time.

Regulatory Actions

There were no penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority during its most recently completed financial year, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, and inclusive of the August 2022 Loan Assignment, Delota is not aware of any material interest, direct or indirect, of: (i) any Person that beneficially owns, or exercises control or direction over, directly or indirectly, more than ten percent (10%) of the voting rights attached to the Common Shares; (ii) any director or officer of the Company; or (iii) any associate or affiliate of any of the foregoing, in any transaction which has been entered into within the three (3) most recently completed financial years of Delota, or

during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares is Capital Transfer Agency, ULC, located at 390 Bay Street, Suite 920, Toronto, Ontario, M5H 2Y2.

MATERIAL CONTRACTS

Except for the loan agreement pursuant to the August 2022 Loan Assignment and contracts entered into in the ordinary course of business, there were no contracts entered into by the Company during the 12-month period ended January 31, 2022 which are material, or entered into before the 12-month period ended January 31, 2022, but are still in effect and which are required to be filed with Canadian securities regulators in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations*. For more details relating to the loan agreement, see the heading “*Promoters*”.

Copies of the above-listed material contracts are available for inspection at the offices of Garfinkle Biderman LLP, legal counsel to Delota, at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, at any time during ordinary business hours. Copies of the above-listed material contracts are also available under Delota’s profile on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this Annual Information Form, either directly, or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the Person:

- Stern & Lovrics LLP, Chartered Professional Accountants, the Company’s independent auditors, have prepared an independent audit report dated May 31, 2022 in respect of Delota’s audited consolidated financial statements for the years ended January 31, 2022 and 2021.

Stern & Lovrics LLP, auditors of the Company, has confirmed that they are independent with respect to the Company, in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

AUDIT COMMITTEE

The overall purpose of the Audit Committee of the Company is to assist the Board in its oversight of the integrity of the Company’s financial statements and other relevant public disclosure, the Company’s compliance with legal and regulatory requirements relating to financial reporting, the external auditors’ qualifications and independence and the performance of the internal audit function and the external auditors.

Audit Committee Charter

The Board has adopted a written charter for the Audit Committee (the “**Audit Committee Charter**”) which sets out the Audit Committee’s responsibility in reviewing the financial statements of the Company and public disclosure documents containing financial information and reporting on such review to the Board, review of the Company’s public disclosure documents that contain financial information, oversight of the work and review of the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. A copy of the Audit Committee Charter is attached as Schedule “B” to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is comprised of the following members:

Name	Independence ⁽¹⁾	Financial Literacy ⁽²⁾
Steven Glaser (Audit Committee Chair)	Independent	Financially literate
Mark Pelchovitz (Audit Committee Member)	Non-independent	Financially literate
Marc Askenasi (Audit Committee Member)	Independent	Financially literate

Notes:

- (1) Within the meaning of Subsection 6.1.1(3) of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), which requires a majority of the members of an audit committee of a venture issuer not to be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.
- (2) Within the meaning of Section 1.6 of NI 52-110.

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee, among other responsibilities, reviews the financial reports and other financial information provided by the Company to regulatory authorities and its shareholders and reviews the Company’s system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes (if any).

In addition, the Audit Committee is responsible for directing the auditors’ examination of specific areas, for the selection of the Company’s independent auditors and for the approval of all non-audit services for which its auditors may be engaged.

Relevant Education and Experience

All members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

The following is a summary of the relevant education and experience of the current members of the Audit Committee:

- **Steven Glaser** – Mr. Glaser is an experienced business executive and advisor who has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Company, in his service as a director, officer and/or advisor to a number of public and private companies.
- **Mark Pelchovitz** – Mr. Pelchovitz is a Chartered Professional Accountant and a partner at Truster Zweig LLP where his practice focuses primarily on accounting, auditing, and tax planning. Mr. Pelchovitz has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Company in his service as a Chartered Professional Accountant.
- **Marc Askenasi** – Mr. Askenasi is an experienced business executive and advisor who has experience in reviewing and evaluating financial statements of a similar nature and breadth as those of the Company, in his service as a director, officer and/or advisor to a number of public and private companies.

Audit Committee Oversight

At no time since the commencement of the Company’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.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Corporation has not relied on the following exemptions in National Instrument 52-110: (i) section 2.4, (ii) subsection 6.1.1(4), (iii) subsection 6.1.1(5), (iv) subsection 6.1.1(6), and (v) Part 8. However, the Corporation, as a venture issuer, is relying on the exemption provided in section 6.1 of National Instrument 52-110, which provides that a venture issuer is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of National Instrument 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of the Company's auditors to provide non-audit services, as and when required.

External Auditor Fees

The following table summarizes the fees billed to the Company for services provided by its external auditors, during the fiscal years ended January 31, 2022 and 2021:

Fiscal Year	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	Other Fees ⁽⁴⁾	Total Fees
2022	\$105,000	Nil	Nil	Nil	\$105,000
2021	\$35,000	Nil	Nil	Nil	\$35,000

Notes:

- (1) Aggregate fees billed for the Company's annual financial statements and services normally provided by the external auditor in connection with the Company's statutory and regulatory filings.
- (2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees".
- (3) Aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice, tax planning and assistance with tax for specific transactions.
- (4) All other fees.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under Delota's profile on SEDAR at www.sedar.com.

Additional information concerning Delota, including the remuneration and indebtedness of the directors and officers of the Company, the principal holders of the Company's securities and the securities authorized for issuance under the Company's equity compensation plans, is contained in the 2021 Information Circular, which is incorporated by reference herein, and available under Delota's profile on SEDAR at www.sedar.com.

Additional financial information concerning the Company, including Delota's audited consolidated financial statements, the notes thereto, the auditor's report thereon and related management's discussion and analysis for the fiscal year ended January 31, 2022, can be found on Delota's profile on SEDAR at www.sedar.com.

SCHEDULE “A”

NON-EXHAUSTIVE LIST OF RISK FACTORS

Licences and Permits

The ability of the Company to continue the Business is dependent on the good standing of various Authorizations from time to time possessed by the Company and adherence to all regulatory requirements related to such activities. The Company will incur ongoing costs and obligations related to regulatory compliance, and any failure to comply with the terms of such Authorizations, or to renew the Authorizations after their expiry dates, could have a Material Adverse Effect.

Although Management believes that the Company will meet the requirements of applicable Laws for future extensions or renewals of the applicable Authorizations, there can be no assurance that applicable Governmental Entities will extend or renew the applicable Authorizations, or if extended or renewed, that they will be extended or renewed on the same or similar terms. In the event that the applicable Governmental Entities do not extend or renew the applicable Authorizations, or should they renew the applicable Authorizations on different terms, any such event or occurrence could have a Material Adverse Effect.

The Company remains committed to regulatory compliance. However, any failure to comply with applicable Laws may result in additional costs for corrective measures, penalties, or restrictions on the operations of the Company. In addition, changes in applicable Laws or other unanticipated events could require changes to the operations of the Company, increased compliance costs or give rise to material liabilities, which could have a Material Adverse Effect.

Changes in Laws

The Business is subject to a variety of applicable Laws, including those relating to the marketing, acquisition, manufacturing, management, transportation, storage, sale, packaging and labeling, and disposal of nicotine vapes, tobacco, cannabis and related products. The Company is also subject to applicable Laws relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As applicable Laws pertaining to the vaping and cannabis industries are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially or federally – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to applicable Laws could have a Material Adverse Effect.

The legislative framework pertaining to the Canadian adult-use nicotine vaping and cannabis markets are subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may also limit the Company’s ability to participate in such market.

Risks Relating to Suppliers

Cannabis retailers are dependent on the supply of cannabis products from Licenced Producers. There can be no assurance that there will be a sufficient supply of cannabis available to the Company to purchase and to operate the Business or satisfy demand. Licenced Producers’ growing operations are dependent on a number of key inputs and their related costs, including raw materials and supplies. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact Licenced Producers and, in turn, could have a Material Adverse Effect. Any inability of Licenced Producers to secure required supplies and services or to do so on appropriate terms could also have a Material Adverse Effect. The facilities of the Licenced Producers could be subject to adverse changes or developments, including but not limited to a breach of security, which could have a Material Adverse Effect. 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 or other legal or regulatory requirements could also have an impact on the ability of Licenced Producers supplying the Company to continue operating under their Authorizations or the prospect of renewing their Authorizations or on the ability or willingness of the Company to sell product sourced from one or more Licenced Producers, which could have a Material Adverse Effect.

Likewise, nicotine e-liquid and vape retailers are dependent on the supply of vape products from producers and manufacturer. There can be no assurance that there will be a sufficient supply of vape products to the Company to purchase and to operate the Business or satisfy demand. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact vape producers and manufacturers and, in turn, could have a Material Adverse Effect. Any inability of vape producers and manufacturers to secure required supplies and services or to do so on appropriate terms could also have a Material Adverse Effect.

In addition to the foregoing, one or more of the risk factors contemplated in this Annual Information Form may also directly apply to, and impact, the business, operations and financial condition of the Licenced Producers supplying the Company, resulting in such Licenced Producers to experience operational slowdowns or other barriers to operations (including as a result of protective measures associated with COVID-19) which may affect the ability of the Company to obtain and sell product sourced from such Licenced Producer. In turn, such events could have an indirect Material Adverse Effect.

Third Party Relationships

From time to time, the Company may enter into strategic alliances with third parties that the Company believes will complement or augment its Business or will have a beneficial impact on the Company. Strategic alliances with third parties could present unforeseen integration obstacles or costs, may not enhance the Business, and may involve risks that could adversely affect the Company, including the risk that significant amounts of Management's time may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the Company incurring additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that the Company's existing strategic alliances will continue to achieve, the expected benefits to the Business or that the Company will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a Material Adverse Effect.

Reliance on Established Cannabis Retail Stores

The Retail Store Authorizations held by the Company are specific to individual cannabis retail stores. Any adverse changes or disruptions to the functionality, security and operation of the Company's sites or any other form of non-compliance may place the Retail Store Authorizations held by the Company at risk, and have a Material Adverse Effect. As the Business continues to grow, any expansion to or update of the current operating cannabis retail stores of the Company, or the introduction of new cannabis retail stores, will require the approval of the applicable cannabis regulatory authority. There can be no guarantee that the applicable cannabis regulatory authority will approve any such expansions and/or renovations, which could have a Material Adverse Effect.

Reliance on Established Vape Retail Stores

Retailers of vape products are individually authorized under the SFOA to sell vape products. Retailers of vape products are required to submit both an application for registration as a specialty vape store and statement of professional accountant to the Board of Health for the public health unit in which their business is located. Any adverse change or disruptions to the functionality, security and operation of the Company's sites or other form of non-compliance may place the vape retail store held by the Company at risk, and have Material Adverse Effect. As the Business continues to grow, any expansion to or update of the current operating vape store owned and operated by the Company, or the introduction of new vape retail stores, will require approval from Health Canada. There can be no guarantee that Health Canada will approve any such expansion and/or renovations, which could have a Material Adverse Effect.

Many of the Company's products contain or intended for use with nicotine, which is considered to be a highly addictive substance.

Many of the Company's products contain or intended for use with nicotine, a chemical that is considered to be highly addictive. The TVPA was enacted to regulate the manufacture, sale, labelling and promotion of nicotine liquid and vaping products sold in Canada. Any Health Canada regulation, whether of nicotine levels or other product attributes, may require the Company to reformulate, recall and/or discontinue certain of the products it may sell from time to

time, which may have a Material Adverse Effect on the Company's ability to market its products and have a Material Adverse Effect on the Company's business, results of operations and financial condition.

Failure or Significant Delays in Obtaining Regulatory Approvals

The ability of the Company to achieve its business objectives are contingent, in part, upon compliance with the regulatory requirements enacted by applicable Governmental Entities, including those imposed by applicable cannabis regulatory authorities, and obtaining and maintaining all Authorizations, where necessary. The Company cannot predict the time required to secure all appropriate Authorizations for the product offerings of the Company in place from time to time, or the extent of testing and documentation that may be required by Governmental Entities. The impact of regulatory compliance regimes and any delays in obtaining, or failure to obtain, the required Authorizations may significantly delay or impact the development of the business and operations of the Company. Non-compliance could also have a Material Adverse Effect.

Regulatory or Agency Proceedings, Investigations and Audits

The Business requires compliance with many Laws. Failure to comply with these Laws could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a Material Adverse Effect.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Company's suppliers and sold by the Company are recalled due to an alleged product defect or for any other reason, the Company may be required to incur unexpected expenses relating to the recall and potentially any legal proceedings that might arise in connection with the recall. In addition, a product recall may require significant attention of, and time from, Management. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Company's suppliers were subject to recall, the image of that product and the supplier, as well as the Company, could be negatively affected. A recall for any of the foregoing reasons could lead to decreased demand and could have a Material Adverse Effect. Additionally, product recalls may lead to increased scrutiny of the operations by Governmental Entities or other regulatory agencies, requiring further attention from Management and potential legal fees and other expenses which could also have a Material Adverse Effect.

Product Liability

As a seller of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if the products it sells are alleged to have caused significant loss or injury. In addition, the sale of nicotine liquids, nicotine vaping products, cannabis, and 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 nicotine liquids, nicotine vaping products, cannabis, and cannabis products alone or in combination with other medications or substances could also occur. The Company may be subject to various product liability claims, including that the products they sell caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs to the Company, could adversely affect the reputation of the Company with its clients and consumers generally and could have a

Material Adverse Effect. There can be no assurance that the Company or its suppliers will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the products of the Company.

Cannabis Prices

The revenues of the Company are in part derived from the sale and distribution of cannabis, as such, the profitability of the Company may be regarded as being directly related to the price of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to the growing operations of cannabis suppliers, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could have a Material Adverse Effect. Further, any inability to secure required supplies and services or to do so on favourable terms could have a Material Adverse Effect. This includes, among other things, changes in the selling price of cannabis and cannabis products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond the Company's control. Any price decline could have a Material Adverse Effect.

The operations of the Company may be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry.

Epidemics and Pandemics (including COVID-19)

The Company faces risks related to health epidemics, pandemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and could have a Material Adverse Effect.

As at the AIF Date, the duration and the immediate and eventual impact of COVID-19 remains unknown. Cannabis stores were deemed an essential service by the Government of Ontario, and as a result all of the Company's dispensaries remained open without interruption, however, stores selling vape and nicotine-related products were not deemed an essential service and thus was faced reduction in operating restrictions at the height of the COVID-19 pandemic in 2020 and 2021. In addition, the unpredictability of the current demand environment and the resurgence of COVID-19, which has impacted consumer access to in-store purchases at bricks and mortar cannabis retail locations, has resulted in a decrease in revenue from the adult recreation market, which may negatively affect the Company's liquidity and working capital. In addition, the Company relies, in part, on third-party service providers to assist them in managing, monitoring and otherwise carrying out aspects of its business and operations, and COVID-19 may affect their ability to devote sufficient time and resources to perform work for the Company. Such events may result in a period of business disruption, reduced operations, any of which could materially affect the Company's business, financial condition and results of operations.

The spread of COVID-19, which has caused a broad impact globally may materially affect the Company. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict, the pandemic has and could result in significant disruption of global financial markets, which could in the future negatively affect the Company's ability to access capital and the Company's liquidity.

The global outbreak of COVID-19 continues to evolve rapidly. The extent to which the COVID-19 pandemic may impact the Company's business, operations and financial performance will depend on future developments, including but not limited to, matters such as (a) the duration and/or severity of the outbreak including the emergence of new variants of COVID-19, (b) government policies, restrictions and requirements as they relate to social distancing, forced quarantines and other requirements to contain COVID-19, (c) non-governmental influences or challenges such as the failure of banks and/or (d) any kind of ripple effect caused by the substantial economic damage that can be inflicted on society by the COVID-19 pandemic. The ultimate long-term impact of the COVID-19 pandemic is highly uncertain and cannot be predicted with confidence.

A local, regional, national or international outbreak of a contagious disease, apart from COVID-19, could also have similar adverse effects, or other adverse unknown effects, on local economies and potentially the global economy, which may adversely impact the price and demand for the Company's products and its ability to carry out operations. Such an outbreak, if uncontrolled, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows, including a potential reduction in recreational and bulk sales, and, as a result, potential lost revenue.

Public Company Consequences

The Company's status as a reporting issuer may increase price volatility due to various factors, including the ability to buy or sell its Common Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the Common Shares. The increased price volatility could have a Material Adverse Effect.

In addition, as a reporting issuer, the Company and its Business activities will be subject to the reporting requirements of Applicable Securities Laws, and the listing requirements of the TSXV and such other stock exchanges on which its Common Shares may from time to time be listed. Compliance with such rules and regulations will increase the Company's legal and financial costs making some activities more difficult, time consuming or costly and increase demand on its systems and resources.

Market Price of Securities

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced substantial volatility in the past, and recently, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors included macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities (including the Common Shares) is also likely to be affected by the Company's financial condition or results of operations as reflected in its financial statements. Other factors unrelated to the performance of the Company that may have an effect on the price of the Company's securities include, but are not limited to, the following: the extent of analytical coverage available to investors concerning the Business may be limited if investment banks with research capabilities do not follow the Company's securities, lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of the Company's securities, and a substantial decline in the price of the Company's securities that persists for a significant period of time could cause the Company's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Company's securities at any given point in time may not accurately reflect the long-term value of the Company. Class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Competition

The Company faces, and will continue to face, intense competition from other companies, some of which can be expected to have longer operating histories and greater financial resources (including technical, marketing, and other resources compared to the Company). Such companies may be able to devote greater resources to the development, promotion, sale and support of their respective products and services. Such companies may also have more extensive customer bases and broader customer relationships, and may make it increasingly difficult for the Company to, among other things, enter into favorable business agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund capital investments by the Company.

In addition, Management estimates that, as at the AIF Date, there may be currently hundreds of applications for Retail Store Authorizations being processed by applicable cannabis regulatory authorities. The number of Authorizations granted, and the number of retail cannabis store operators ultimately authorized by applicable cannabis regulatory authorities, could have an adverse impact on the ability of the Company to compete for market share in the cannabis market within various jurisdictions in Canada. The Company also faces competition from illegal cannabis dispensaries, engaged in the sale and distribution of cannabis to individuals without valid Authorizations.

Lastly, as the nicotine vaping and cannabis markets continues to mature, both domestically and internationally, the overall demand for products and the number of competitors may be expected to increase significantly. Such increases may also be accompanied by shifts in market demand, and other factors that Management cannot currently anticipate, and which could potentially reduce the market for the products of the Company, and ultimately have a Material Adverse Effect.

In order to remain competitive in the evolving nicotine vaping and cannabis markets, the Company will need to invest significantly in, among other things, research and development, market development, marketing, production expansion, new client identification, distribution channels, and client support. In the event that the Company is not successful in obtaining sufficient resources to invest in these areas, the ability of the Company to compete in the nicotine vaping and cannabis markets may be adversely affected, which could have a Material Adverse Effect.

Dependence on Key Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of Management as well as certain consultants (collectively, the “**Key Personnel**”). The future success of the Company depends on their continuing ability to attract, develop, motivate, and retain the Key Personnel. Qualified individuals for Key Personnel positions are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of Key Personnel, or an inability to attract other suitably qualified persons when needed, could have a Material Adverse Effect on the ability of the Company to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such individuals and consultants.

Conflicts of Interest

The Company may, from time to time, be subject to various potential conflicts of interest due to the fact that some of its officers, directors and consultants may be engaged in a range of outside business activities. The executive officers, directors and consultants of the Company may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the executive officers, directors and consultants of the Company may have fiduciary obligations associated with these outside business interests that interfere with their ability to devote time to the Business and that could have a Material Adverse Effect. These outside business interests could also require significant time and attention of the Company’s executive officers, directors and consultants.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors, officers and consultants who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by the Company. The interests of these persons could conflict with those of the Company. Further, from time to time, these persons may also be competing with the Company for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable Laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable Laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Limited Operating History

The Company has a limited history of operations and is in the early stage of development as it attempts to create an infrastructure to capitalize on the opportunity for value creation in the nicotine vaping and cannabis industries. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The limited operating history may also make it difficult for investors to evaluate the Company’s prospects for success. There is

no assurance that the Company will be successful and the likelihood of success must be considered in light of its early stage of operations.

The Company may not be able to achieve or maintain profitability and may incur losses in the future. In addition, the Company is expected to increase its capital investments as it implements initiatives to grow the Business. If the Company's revenues do not increase to offset these expected increases, the Company may not generate positive cash flow. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding.

Fraudulent or Illegal Activity

The Company is exposed to the risk that its employees, independent contractors, consultants, service providers and licensors may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on the Company's behalf or in their services that violate (a) various applicable Laws, including healthcare Laws, (b) applicable Laws that require the true, complete and accurate reporting of financial information or data, or (c) the terms of the Company's agreements with third parties. Such misconduct could expose the Company to, among other things, class actions and other litigation, increased regulatory inspections and related sanctions, and lost sales and revenue or reputational damage.

The Company cannot always identify and prevent misconduct by its employees and other third parties, including third party service providers, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown, unanticipated or unmanaged risks or losses or in protecting it from governmental investigations or other actions or lawsuits stemming from such misconduct. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its Business, including the imposition of civil, criminal or administrative penalties, damages, monetary fines and contractual damages, reputational harm, diminished profits and future earnings or curtailment of its operations.

General Economic Risks

The operations of the Company could be affected by the economic context should interest rates, inflation or the unemployment level reach levels that influence consumer trends and spending and, consequently, impact the sales and profitability of the Company. Investors should further consider, among other factors, the prospects for success, of the Company, in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. The Company may not be able to effectively or successfully address such risks and uncertainties or successfully implement operating strategies to mitigate the impact of such risks and uncertainties. In the event that the Company fails to do so, such failure could materially harm the Business and could result in a Material Adverse Effect.

Difficulty to Forecast

The Company relies, and will need to rely, largely on its own market research to forecast industry statistics as detailed forecasts are not generally obtainable, if obtainable at all, from other sources at this early stage of the adult-use nicotine vaping and cannabis industries. Failure in the demand for the adult-use nicotine vaping and cannabis products as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a Material Adverse Effect.

Management of Growth

To manage growth effectively and continue the sale and distribution of nicotine liquids, nicotine vaping products, cannabis, and cannabis products at the same pace as currently undertaken, or at all, the Company will need to continue to implement and improve its operational and financial systems and to expand, train and manage its larger employee base. The ability of the Company to manage growth effectively may be affected by a number of factors, including, among other things, non-performance by third party contractors and suppliers, increases in materials or labour costs, and labour disputes. The inability of the Company to manage or deal with growth could have a Material Adverse Effect.

Additional Capital

The continued development of the Business may require additional financing, and any failure to raise such capital could result in the delay or indefinite postponement of the current and future business strategy of the Company, or result in the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders of the Company could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of the Common Shares.

In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may increase the debt levels of the Company above industry standards and impact the ability of the Company to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for the Company to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that the Company would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

Inability to Develop New Products or Find Market

The nicotine vaping and cannabis industries are in its early stages of development and it is likely that the Company, and existing and future competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, the Company may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by the Company. In addition, the Company may be required to obtain additional regulatory approvals from applicable Cannabis regulatory authorities and any other applicable regulatory authorities, which may take significant amounts of time and entail significant costs. On October 17, 2019, new regulations under the Cannabis Act came into force, permitting the production and sale of cannabis edibles, extracts, and topicals. The impact of these regulatory changes on the Business is unknown. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, could have a Material Adverse Effect.

Product Obsolescence

The nicotine vaping and cannabis markets and associated products and technology are rapidly evolving, both domestically and internationally. As a result, the Company may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing new products is complex and requires significant costs, development efforts, and third-party commitments. Any failure on the part of the Company to develop new products and technologies and/or the potential disuse of the existing products of the Company and technologies could have a Material Adverse Effect. The success of the Company will depend, in part, on the ability of the Company to continually invest in research and development and enhance existing technologies and products in a competitive manner. However, there can be no guarantee that the Company will be able to invest in research and development and enhance existing technologies and products in a competitive and timely manner, and any failure to do so could have a Material Adverse Effect.

Restrictions on Branding and Advertising

The success of the Company depends on the ability of the Company to attract and retain customers. Applicable Laws strictly regulate the way nicotine vaping and cannabis are packaged, labelled, and displayed. The associated provisions are quite broad and are subject to change. As at the AIF Date, applicable Laws prohibit the use of testimonials and endorsements, depiction of people, characters and animals and the use of packaging that may be appealing to young people. Existing and future restrictions on the packaging, labelling, and the display of nicotine liquids, nicotine vaping products, cannabis, and cannabis products may adversely impact the ability of the Company to establish brand

presence, acquire new customers, retain existing customers and maintain a loyal customer base. This could ultimately have a Material Adverse Effect.

Unfavorable Publicity or Consumer Perception

The success of the nicotine vaping and cannabis industries may be significantly influenced by the public's perception thereof. In general, nicotine vaping and cannabis continues to be controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to nicotine vaping and cannabis will be favorable. Consumer perception of the products of the Company may, from time to time, be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of nicotine liquids, nicotine vaping products, cannabis, and 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 favorable to the nicotine vaping and cannabis markets or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a Material Adverse Effect, including by affecting the demand for the Company's products and the Business. In particular, adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a Material Adverse Effect, and could affect the demand for the products of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of nicotine vapings and cannabis in general, or the products of the Company specifically, or associating the consumption of nicotine vaping and cannabis with illness or other negative effects or events, could have 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 legally, appropriately, or as directed.

Lastly, the parties with which the Company does business from time to time may perceive that they are exposed to reputational risk as a result of the Business, which could make it difficult for the Company to establish or maintain banks and other business relationships. Any failure to establish or maintain such business relationships could have a Material Adverse Effect.

Acquisitions or Dispositions

Since its inception, the Company has completed a number of significant acquisitions. Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including (a) the risk that there could be a potential disruption of the Business, (b) the risk that the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected (including the risk that perceived synergies associated with such transactions may not eventuate or are less pronounced than originally expected), (c) the risk that the transactions will result in an increase in the scope and complexity of the operations of the Company which the Company may not be able to managed effectively, and (d) the risk of a loss or reduction of control over certain assets of the Company.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to the Company at the time of acquisition could have a Material Adverse Effect. A strategic transaction may also result in a significant change in the nature of the business, operations and strategy of the Company. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the existing operations of the Company.

Further, the Company intends to continue to seek viable market opportunities to grow the Business both organically and through acquisitions, dispositions, and other strategic transactions. Any inability, on the Company's part, to successfully identify and/or execute on such transactions in a timely manner could have a Material Adverse Effect. In particular, the Company may, in pursuing such transactions, devote considerable resources and incur significant expenses (including on, among other things, conducting due diligence and negotiating the relevant agreements and instruments). In the event that a proposed acquisition or disposition is not completed on the terms and within the timelines anticipated, such expenses may reduce the profitability of the Company and could have a Material Adverse Effect.

Challenging Global Financial Conditions

Global financial conditions have been characterized by increased volatility, with numerous financial institutions having either gone into bankruptcy or having to be rescued by Governmental Entities. Global financial conditions could suddenly and rapidly destabilize in response to future events as Governmental Entities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes including natural disasters, the outbreak of communicable disease, geopolitical instability, and changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the ability of the Company, or the ability of the operators of the companies in which the Company may, from time to time, hold interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects. In the event that increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, such events could result in a Material Adverse Effect.

Litigation

The Company may, from time to time, become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could have a Material Adverse Effect. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, can divert Management's attention and resources and can cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While the Company may have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation could have a Material Adverse Effect. Litigation may also create a negative perception of the Company. Any decision resulting from any such litigation could have a Material Adverse Effect.

Dividend Policy

The declaration, timing, amount and payment of dividends are at the discretion of the Board and will depend upon the Company's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. There can be no assurance that the Company will declare a dividend on a quarterly, annual or other basis.

Customer Acquisitions

The success of the Company depends, in part, on the ability of the Company to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to the ability to continually source desirable and effective product, the successful implementation of customer-acquisition plans and the continued growth in the aggregate number of customers. Any failure to acquire and retain customers would have a Material Adverse Effect.

Risks Inherent in an Agricultural Business

The business of certain suppliers of the Company involves the growth and cultivation of cannabis. Cannabis is an agricultural product, and as such, the business of growing and cultivating cannabis is subject to the customary risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Weather conditions, which can vary substantially from year to year, may from time to time also have a significant impact on the size and quality of the harvest of the crops processed and sold by certain suppliers of the Company. Significant fluctuations in the total harvest could impact the ability of the Company to operate. Further, high degrees of quality variance can also affect the ability of the Company to obtain and retain customers. There can be no assurance that natural elements will not have a material adverse effect on the cannabis and cannabis products produced by suppliers of the Company, which could have a Material Adverse Effect.

Uninsured or Uninsurable Risks

While the Company may have insurance to protect its assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. No assurance can be given that such insurance will be adequate to cover the liabilities of the Company or that it will be available in the future or at all, and that it will be commercially justifiable. The Company may be subject to liability for risks against which the Company cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available to the Company for normal business activities. Payment of liabilities for which the Company does not carry insurance could have a Material Adverse Effect.

Wholesale Price Volatility

The nicotine vaping and cannabis industries is a margin-based business in which gross profits depend, among other things, on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labour costs, shipping costs, economic situation and demand), taxes, government programs and policies for the nicotine vaping and cannabis industries (including price controls and wholesale price restrictions that may be imposed by provincial agencies responsible for the sale of cannabis or federal agencies for nicotine liquids and nicotine vaping products) and other market conditions, all of which are factors beyond the control of the Company, and which could have a Material Adverse Effect.

Intellectual Property

The success of the Company depends, in part, on the ability to protect the Company's ideas and technologies. As such, the ownership and protection of current and future trademarks, patents, trade secrets and intellectual property rights of the Company, as applicable, are expected to be, key aspects of the future success of the Company. However, registration of trademarks, patents and other intellectual property could potentially be rejected by the governing authorities of the regions in which the Company is currently pursuing, or will from time to time pursue, business opportunities and the validity of any registrations granted may subsequently be challenged by third-parties. The outcome of these registration and validity challenge processes is unpredictable.

In addition, unauthorized parties may attempt to replicate or otherwise obtain and use the current and future products and technologies of the Company. Policing the unauthorized use of the current or future trademarks, patents, trade secrets or intellectual property rights of the Company could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of such events, to the extent involving the Company, could have a Material Adverse Effect.

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

Transportation Risks

The suppliers of the Company will depend on fast and efficient courier and transportation services. Any prolonged disruption of such courier and transportation services could have a Material Adverse Effect. Due to the nature of the Business, security of product during transport is of the utmost concern. A breach of security during transport or delivery could have a Material Adverse Effect. Any breach of the security measures during transport or delivery, including any failure to comply with recommendations or requirements of applicable Cannabis regulatory authorities or other regulatory agencies, could also have an impact on the ability of the Company, as well as its suppliers' ability to continue operating.

Leases

The Company may, from time to time, enter into lease agreements for locations in respect of which at the time of entering such agreement, the Company does not have a licence or permit to sell cannabis and cannabis products. In the event the Company is unable to obtain Authorizations to sell cannabis and cannabis products at such locations in compliance with applicable Laws, such leases may become a liability of the Company without a corresponding revenue stream. In the event that the Company is unable to obtain permits and/or licences at numerous locations for which the Company has or will have a lease obligation, this could have a Material Adverse Effect.

Corruption and Anti-Bribery Law Violations

The Company is subject to Canadian Laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Company is subject to the anti-bribery and anti-money laundering Laws of foreign jurisdictions in which it may from time to time conduct the Business. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct, whether prohibited under the Company's policies and procedures or under anti-bribery Laws, for which the Company may be directly or indirectly held responsible. There can be no assurance that the Company's internal control policies and procedures from time to time in effect will protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a Material Adverse Effect.

Applicable Privacy Laws

The Company may from time to time collect and store personal information about its customers and will be responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly client lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach could have a Material Adverse Effect.

SCHEDULE "B"

AUDIT COMMITTEE CHARTER

(See attached)

DELOTA CORP.

(the "Corporation")

AUDIT COMMITTEE MANDATE

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee shall:

1.1 Assist the Board of Directors in its oversight role with respect to:

- (a) the quality and integrity of financial information;
- (b) the independent auditor's performance, qualifications and independence;
- (c) the performance of the Corporation's internal audit function, if applicable; and
- (d) the Corporation's compliance with legal and regulatory requirements; and

1.2 Prepare such reports of the Audit Committee required to be included in the information/proxy circular of the Corporation in accordance with applicable laws or the rules of applicable securities regulatory authorities.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three (3) or more Directors appointed by the Board of Directors, none of whom shall be officers or employees of the Corporation or any of the Corporation's affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities.

The Board of Directors shall designate one (1) member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment. The Board of Directors shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

SPECIFIC DUTIES

Oversight of the Independent Auditor

- Make recommendations to the board for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in the Corporation's annual information/proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every five years).

Financial Reporting

- Review and discuss with management and the independent auditor:
 - prior to the annual audit the scope, planning and staffing of the annual audit,
 - the annual audited financial statements,
 - the Corporation's annual and quarterly disclosures made in management's discussion and analysis,
 - approve any reports for inclusion in the Corporation's Annual Report, if any, as required by applicable legislation,
 - the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards,
 - significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements,
 - any significant changes in the Corporation's selection or application of accounting principles,
 - any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies, and

- other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The CFO shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.

EXHIBIT "A"

AUDIT COMMITTEE WHISTLER BLOWER POLICY

DELOTA CORP.

(the "Corporation")

AUDIT COMMITTEE "WHISTLE-BLOWER" PROCEDURES POLICY

National Instrument 52-110 Requirement

Pursuant to National Instrument 52-110, the Corporation's Audit Committee is required to establish procedures for:

- (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

This procedures policy is designed to achieve this purpose.

The Corporation's Procedure

Employees having concerns regarding questionable accounting or auditing matters are encouraged to submit such concerns (the "Accounting Related Complaint") to the Chair of the Corporation's Audit Committee.

Any employee who wishes to make an Accounting Related Complaint may do so anonymously or in confidence by directing such Accounting Related Complaint in writing directly to the Chair of the Audit Committee. Delivery may be made directly to the Chairman or to the Chairman care of the Corporation and marked personal and confidential.

Upon receiving an Accounting Related Complaint, the Chair of the Audit Committee will, depending upon the apparent urgency of the matter, call a meeting of the Audit Committee or add the Accounting Related Complaint to the agenda for consideration at the next regularly scheduled meeting of the Audit Committee.

The Audit Committee shall review and discuss, on a preliminary basis, the nature of the Accounting Related Complaint and the accounting, internal accounting controls or auditing matters that are called into question. In conducting this review, the Audit Committee will hold an *in camera* session, and then may request the attendance, at its discretion, of the Chief Executive Officer, the Chief Financial Officer, the Corporation's auditor and/or the person making the Accounting Related Complaint (if known and if such person is amenable) and/or such other persons as it deems necessary. The purpose of the meeting and the nature of the Accounting Related Complaint shall have been communicated to all such attendees by notice prior to the meeting.

If the Audit Committee is satisfied upon a preliminary review that the Accounting Related Complaint has merit, the Audit Committee shall authorize the Chair of the Audit Committee to retain and consult with an appropriately qualified: (1) law firm; and (2) a registered public accounting firm, within the meaning of applicable securities legislation, other than the independent auditor, in order to review the Accounting Related Complaint:

Following the conclusion of its inquiries, the Audit Committee shall meet to determine the merit of the Accounting Related Complaint. Minutes of such meeting shall be kept in the normal course in order to ensure a record of the nature and treatment of the Accounting Related Complaint.

Upon reaching such determination, the Audit Committee will communicate its findings and recommendations to the Board. The Board shall consider and implement such recommendations, as it deems advisable, to rectify any deficiencies identified in the Accounting Related Complaint and shall communicate same to management.

The Audit Committee shall ensure that confidentiality will be maintained throughout the investigatory process to the extent practicable and appropriate under the circumstances; and the person who makes the Accounting Related Complaint (if known) shall receive a written summary of the final determination.

The Audit Committee shall retain all documentation regarding the Accounting Related Complaint, its preliminary review, any investigation, determination and implementation of recommendations for a period of no less than ten (10) years.

Administration

The Corporation, through the Chief Executive Officer shall be responsible for the dissemination of this policy to all employees.

No Retaliation

The Corporation will not allow or pursue retaliation of any kind in respect of an Accounting Related Complaint, or for assistance or information provided to applicable authorities in connection with an investigation of breaches of applicable securities law, where such are made or provided in good faith. In addition, no employee may be adversely affected because the employee refused to carry out a directive which, in fact, constitutes corporate fraud, is a violation of this procedure, a violation of the law or presents a substantial and specific danger to the public's health and safety. Any retaliatory action should immediately be reported to the Chairman or any other member of the Corporation's Board of Directors.