



TRUE LEAF BRANDS INC.

(FORMERLY TRUE LEAF MEDICINE INTERNATIONAL LTD.)

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED MARCH 31, 2019

Dated July 29, 2019

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Annual Information Form

In this annual information form (“**AIF**”), unless otherwise noted or the context indicates otherwise, “we”, “us”, and “our” refers to True Leaf Brands Inc. (formerly True Leaf Medicine International Ltd.) (the “**Company**”) and its subsidiaries, True Leaf Investments Corp. (“**TL Investments**”), True Leaf Cannabis Inc. (formerly True Leaf Medicine Inc.) (“**TL Cannabis**”), True Leaf Pet Inc. (“**TL Pet**”), True Leaf Pet Europe LLC Sàrl (“**TL Europe**”), and True Leaf USA Inc. (“**TL USA**”).

This AIF contains company names, product names, trade names, trademarks and service marks of ours and other organizations, all of which are property of their respective owners.

All financial information in this AIF is reported in Canadian dollars and using International Financial Reporting Standards as issued by the International Accounting Standards Board.

The information contained in this AIF is dated as of March 31, 2019 unless otherwise stated.

Forward Looking Information

Certain statements in this AIF contain forward-looking information within the meaning of applicable securities laws in Canada (“**forward-looking information**”). The words “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this AIF includes, but is not limited to: certain statements related to the state and size of the pet supplement and cannabis industries; our plan to build and operate the True Leaf Campus (as defined herein); our plans to increase the number of pet supplements we produce; our plan to expand our product lines into new countries and markets; our plan to become a licensed producer of cannabis; our revenue and expense projections; and, our development schedules and similar items.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: we are able to successfully continue as a going concern; we are able to attract and retain senior management and key skilled professionals; we are able to raise sufficient capital to execute our business plan; we are able to successfully manage the risks associated with our limited operating history; we are able to successfully manage the risks associated with our history of operating losses; we are able to successfully introduce new products and recoup our investment costs; we are able successfully implement our growth strategy; our co-packers fulfill their obligations; we are able to manage our supply chain effectively; our transportation providers deliver our products as scheduled; we are able to successfully expand into countries in which we have no prior operating experience; we are able to successfully overcome the strong competition in the markets in which we operate; we do not lose any of our key suppliers or distribution arrangements; we are not exposed to significant product liability claims which our insurance does not cover; we successfully manage our risks as an ecommerce retailer; we successfully protect the confidentiality of our proprietary information and know-how; we are able to successfully commence operations with our cannabis for medical purposes business; we are able to successfully manage the regulation of our business by the Canadian Federal Government; we are able to successfully manage the potential for changes in the regulation of the medical cannabis industry; we are able to successfully manage the sales

risks associated with cannabis and the medical cannabis industries; we are able to use our facilities as planned; and, we are able to obtain market share and achieve profits.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: the existence of material uncertainties that may cast significant doubt on our ability to continue as a going concern; our ability to attract and retain senior management and key skilled professionals which we may or may not be able to do; our ability to raise the significant amount of capital needed to execute our business plan which we may or may not be able to do; risks associated with our limited operating history; risks associated with our history of operating losses; risks associated with introducing new products including the risk that our new product developments will not produce sufficient sales to recoup our investment; our ability to successfully implement our growth strategy on a timely basis or at all; our reliance on co-packers to fulfill their obligations; our ability to manage our supply chain effectively; our transportation providers delivery of our products; difficulties associated with our ability to expand into countries in which we have no prior operating experience; strong competition in the markets in which we operate; the potential loss of any of our key suppliers or distribution arrangements; the potential for us to be exposed to significant product liability claims which our insurance may not cover; our risks as an ecommerce retailer; our ability to protect the confidentiality of our proprietary information and know-how; our cannabis for medical purposes business has not commenced operations; the regulation of our business by the Canadian Federal Government; the potential for changes in the regulation of the medical cannabis industry; sales risks associated with cannabis and the medical cannabis industries; our ability to use our facilities as planned; and, our ability to acquire market share and achieve profits.

All forward-looking information in this AIF is qualified in its entirety by this cautionary statement and, except as may be required by law, we undertake no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

Corporate Structure

The Company was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2014. The full name of the Company is "True Leaf Brands Inc." The Company changed its name from "True Leaf Medicine International Ltd." to "True Leaf Brands Inc." on May 21, 2019. The Company's head office is located at 100 Kalamalka Lake Road, Unit 32, Vernon, British Columbia, Canada V1T 9G1. The Company's registered and records office is located at 1055 West Hastings Street, Suite 1700, Vancouver, British Columbia, Canada V6E 2E9.

The following chart illustrates the intercorporate relationship between the Company and its subsidiaries, including the percentage of voting securities of each subsidiary owned by the Company and the governing jurisdiction of each entity.



General Development of the Business

Overview

True Leaf is a global hemp and plant-based animal wellness brand.

Founded in 2013, the Company has two main divisions: **True Leaf Pet Inc. ("TL Pet")** and **True Leaf Cannabis Inc. ("TL Cannabis")**. TL Pet is focused on developing and selling supplements and treats for pets and TL Cannabis is focused on becoming a licensed producer of cannabis developing cannabinoid related products for medicinal purposes. Overall, the Company's goal is to be a global pet care brand leader focused on marketing natural alternatives to help pets live healthier and longer lives.

The Company believes that the cannabis and pet markets represent high-growth industries and it plans to develop legally compliant cannabis products that can be sold across Canada, the United States and other countries around the world.

True Leaf Pet

TL Pet launched its hempseed based pet supplement and treat product line in the fall of 2015. Products containing hemp, including hemp seed oil, hemp protein and hemp extracts are gaining significant acceptance as evidence of nutritional effectiveness becomes recognized.

The current products are primarily sold through a combination of on-line, direct sales and distributors focused on the pet specialty retail channel. In the future, TL Pet will sell into multiple channels including food retailers, food wholesalers, drug stores, club stores, mass merchandisers, discount stores, natural food stores and brokers selling to veterinarians. Currently, the Company's products are sold in Canada, the United States, Europe, and select countries in Asia.

Pet Products

In 2015, the Company began marketing and selling three veterinarian formulated soft chews that targeted different indications in dogs. The formulations also include additional active ingredients that work synergistically with hemp to boost its effectiveness. These include green lipped mussel, curcumin, L-theanine, lemon balm, chamomile, polyphenols from pomegranate, and plant and marine based Omega-3 fatty acids.



True Hemp Chews - Calming Support for Dogs	True Hemp Chews - Hip + Joint Support for Dogs	True Hemp Chews – Immune + Heart Omega 3 Support for Dogs
Active Ingredients	Active Ingredients	Active Ingredients
<ul style="list-style-type: none"> • Ground Hemp Seed • Hemp Seed Oil • L-Theanine • Chamomile • Lemon Balm 	<ul style="list-style-type: none"> • Ground Hemp Seed • Hemp Seed Oil • Green Lipped Mussel • Turmeric Root Extract (95% Curcuminoids) 	<ul style="list-style-type: none"> • Ground Hemp Seed • Hemp Seed Oil • DHA + EPA from Sardine Oil • Polyphenols from Pomegranate

The products are 'all natural', grain-free, use non-GMO hemp, and contain no artificial colors or flavors. The inactive ingredients in the chews include peas, chickpeas, sweet potato, honey, cane molasses, gelatin, coconut oil, sea salt, calcium lactate, distilled vinegar, natural flavor, lactic acid, citric acid, and natural preservatives.

Hemp seed oil and ground hemp seed are derived from the industrial hemp plant and contain no psychoactive cannabinoid receptors but do contain many other beneficial compounds. These include known antioxidants from tocopherols, gamma linolenic acid (GLA - rare and found in breast milk), a host of other beneficial properties including anti-inflammatory compounds from plant sterols and methyl salicylate - a relative of acetylsalicylic acid or 'aspirin'.

Hemp is rich in essential fatty acids and other polyunsaturated fatty acids. It has almost as much protein as soybean and is also rich in Vitamin E and minerals such as phosphorus, potassium, sodium, magnesium, sulphur, calcium, iron and zinc.¹ Dietary hempseed is also particularly rich in the omega-6 fatty acid, linoleic acid and also contains high concentrations of the omega-3 fatty acid, alpha-linolenic acid (ALA). The linoleic acid: alpha-linolenic acid ratio normally exists in hempseed at between 2:1 and 3:1 levels; which is the ideal ratio in the human body.

Different formats of the formulations with the same level of active ingredients are also available. This includes an oil supplement that can be pumped onto the dog's food and dental chew sticks to enhance teeth cleaning function.

Hemp and marijuana are different varieties of the same plant species of 'Cannabis Sativa'. 'Marijuana' or 'Medicinal Cannabis' can also contain high levels of tetrahydrocannabinol ("**THC**"). Hemp, on the other hand, does not cause intoxication and has to contain less than 0.3% THC by law. Different parts of the hemp plant, like the leaf and flower, can contain a variety of compounds called 'cannabinoids' like CBD, CBDa, CBG, CBN. In some geographic regions, the sale and use of these compounds are controlled by regulations. TL Pet initially went to market utilizing only hemp seed powder and cold-pressed hemp seed oil, allowing the Company to sell and market a 'legal' but still effective formulation ahead of the competition in these sensitive markets.

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¹ Callaway, J.C. "Hempseed as a nutritional resource: An overview" *Euphytica* (2004) 140: 65. doi:10.1007/s10681-004-4811-

MARIJUANA
High THC levels: 5-20%
Lower CBD levels
Thick leaves with dense buds
Primary Uses: Medical, Recreational

HEMP
Low THC levels: 0.3-1.5%
Higher CBD levels
Thinner leaves concentrated at the top
In particular, the entire hemp plant can be turned into something useful.
Hemp stems become fibers for textiles, paper, and building materials.
Hemp seeds are packed with nutrients and popular as a superfood.
Primary Uses: Industrial, Nutritional

Sources: CBDweb.org, Herb.co, Harvard Health

HEMP SEEDS CAN ALSO BE PRESSED INTO OILS, WITH VARIOUS HEALTH BENEFITS FOR HUMANS AND PETS ALIKE.

GAMMA-LINOLENIC ACID (GLA)	OMEGA-3 AND OMEGA-6	ANTIOXIDANTS
Synthesized from linoleic acid, an omega-6 fat.	Contain a balanced ratio of 1:3 omega-3 to omega-6 fatty acids.	Vitamin E and Vitamin A contribute to cellular health.
BENEFITS:	BENEFITS:	BENEFITS:
<ul style="list-style-type: none"> RELIEVES ARTHRITIS MANAGES WEIGHT PREVENTS CANCER 	<ul style="list-style-type: none"> CONTROL INFLAMMATION IMPROVE HEART HEALTH 	<ul style="list-style-type: none"> ENHANCE SKIN HEALTH ENHANCE HEART HEALTH BOOST IMMUNITY

Hemp is also legally refined and processed in industrial factories for textile and nutritional use. The fibre is one of the strongest plant-based fibers on the planet and has been used to make clothing and hemp ropes for hundreds of years. Hemp seed is unique in that it is gluten-free, low-glycemic and contains extremely high levels of healthy protein, fat, and dietary fiber. It is often consumed and mixed into other products including cereal, granola, and plant-based protein concentrates that are popular to the millennial and vegan markets.

In the Spring of 2018, the Company contracted Dossier® Creative - a renowned branding firm based in Vancouver, BC, to conduct consumer research and rebrand the Company and entire range of products. Consumer research was undertaken with over 1100 consumers in the USA, Canada, the UK, and Europe and was completed in the summer of 2018. The feedback and findings from this consumer research guided the rebrand strategy as it worked through the rebranding process. The Company presented and displayed the new product line at the largest annual pet industry show in the world - Global Pet Expo, on March 13, 2019:



A new omega-3 focused supplement for dogs called Everyday Omega™ with enhanced omega-3 levels that meet National Research Council standards was created to replace the original 'Immune+Heart' product line.

The passing of the Farm Bill in late 2018 in the USA has now allowed the Company to market a legal hemp-based product line. The Company commenced the development and testing of a 'CBD' product line in the spring of 2019 and will be launching the products in August 2019 at the Superzoo® pet industry show in Las Vegas. The first two products of this line will be focused on Calming and Hip+Joint Support, with higher strength, veterinarian formulations to follow in 2020.



True Leaf has also developed successful formulations and products for cats that are currently marketed in Europe under the original True Hemp brand. The Company introduced these specially formulated hemp-based cat treats at a trade show in May of 2018 in Nuremberg, Germany. The 'functional' treats provide a variety of support for felines, including calming, hip and joint function, skin and coat health, urinary tract health and the prevention of hairballs. The formulations were successfully palatability tested against the popular 'Temptations' brand and the Company plans to eventually roll-out the range globally.



On December 30, 2016, the Company acquired the assets and intellectual property of OregaPet®, a Canadian brand of medicinal products uniquely formulated with oil of oregano. The Company had applied oil of oregano's naturally-occurring anti-bacterial and anti-viral properties into an entire range of medicinal products for pets, the first company to ever do this. The Company saw the unique opportunity to develop the product range and added the entire product line to its rebranded True Leaf range, making it the first globally marketed product line containing Mediterranean oil of oregano. The response to the product line has been extremely positive as the Company ramps up production for shipping in August 2019. The product line is made up of: Healthy Gums Dental Spray, Healthy Teeth Dental Gel, Healthy Skin & Coat All-Purpose Spray, Natural Response Topical Gel, and Fresh Breath Chewables.



The Company has built a solid base of formulations that can be extended into multiple formats under each function: calming (anti-anxiety treatment for hyper dogs), hip+joint (for aging dogs), Omega-3 support (for dogs of all ages), dental (a large category), and 'natural' medicinals (high demand). Key to the Company's aggressive growth plans, a robust new product pipeline and an experienced product launch/supply chain team is in place and focused on execution every quarter.

True Leaf Cannabis

Cannabis for Medical Purposes

TL Cannabis began as a "licensed producer" applicant in Canada's *Marijuana for Medical Purposes Regulations* ("MMPR") program and submitted the original application in July of 2013. A "ready to build" approval was granted for the first application in January 2014, but issues arose regarding the facility location and local zoning. In March 2014, a new location was secured and another application was submitted on April 8, 2014.

In July 2015, the Company received a notice from Health Canada stating that its application had passed through the preliminary screening process and was undergoing enhanced screening. Enhanced screening is one of the necessary steps in the process of becoming a licensed producer of cannabis for medical purposes under the MMPR. Shortly thereafter, the federal government called for a federal election date in October of 2015 and the application process for all applicants under the MMPR stalled.

On August 24, 2016, the federal government (now under the Liberal Party) adopted the ACMPR (Access to Cannabis for Medicinal Purposes Regulations) to replace the MMPR program. Certain requirements were changed and the processing of applications moved forward.

On November 27, 2017, the House of Commons passed Bill C-45, essentially beginning the formal process to legalize cannabis for recreational use and remove it from the controlled substances list under the Cannabis Act. On June 21, 2018, the Government of Canada announced that the Cannabis Act received royal assent and on July 11, 2018, the regulations issued pursuant to the Cannabis Act (the “**Cannabis Regulations**”) were released by the Government of Canada and broadened the scope of individuals required to hold security clearances (together, the “**Cannabis Act**”). The Cannabis Act officially came into force on October 17, 2018.

Construction of the TL Cannabis production facility was completed in March 2019 and an occupancy permit was granted. TL Cannabis applied for a wide-ranging license that will allow cultivation, GMP processing and medicinal sales under the Cannabis Act. The application for a cultivation license is in its final stage and an Evidence Site Package Attestation was submitted to Health Canada in July of 2019.

As of the date of this AIF, the Company does not have a license under the Cannabis Act, and no cannabis products are in commercial production or use at the Lumby, BC facility (the “**Lumby Property**”). The Company continues to work diligently with Health Canada and expects to receive its license to cultivate cannabis in the Fall of 2019.

Product development

The Company is committed to securing its cannabis license and also reviewing potential opportunities that will allow it to monetize or receive a return on its investment. Discussions with several potential candidates are currently underway.

Significant Acquisitions

During the most recently completed financial year, the Company did not complete any significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102.

The Business

General

Revenue for the year-ended March 31, 2019 was \$2,311,036 – the Company’s highest revenue over a twelve-month period, and an increase of 65% from the comparable twelve month period the prior year, which had revenue of \$1,400,511.

For the year ended March 31, 2019:

Description	Year ended March 31		
	2019	2018	2017
Revenues	\$ 2,311,036	\$ 1,400,511	\$ 368,536
Cost of sales	(1,252,265)	(779,182)	(248,909)
Gross profit (\$)	\$ 1,058,771	\$ 621,329	\$ 119,627
Gross profit (%)	46%	44%	32%
Total operating expenditures	(6,825,278)	(4,809,855)	(1,857,834)

Strategic Outlook

Objectives for the next 12 months are:

- Continue to build distribution networks, secure new customers, and build market share in the global natural pet care space through traditional distribution channels, direct-to-store and direct-to-consumer sales channels;
- Launch new product lines, including a hemp-based CBD line for the USA market;
- Review potential accretive acquisition targets in the global pet wellness space;
- Successfully complete additional capital financings in order to fund the objectives of the Company's business plan;
- Receive final approval to cultivate, process and sell cannabis under the Cannabis Act by mid-2020; and
- Review potential joint ventures or strategic partnerships in the cannabis space.

Long-term business objectives for TL Pet are:

- Build a global pet care brand focused on wellness with a mission to improve the quality of life for our companion animals;
- Increase sales, distribution and store count within the pet specialty, mass-pet, veterinary and food/mass/drug market segments and assess and implement other non-traditional

distribution channels to market and sell our pet products;

- Launch additional product lines and secure additional distribution partners in the European markets;
- Seek out key distribution partners for alternative market regions including Asia and South America;
- Continue to perform R&D work and prove efficacy of new and existing formulations through clinical trials; and
- Seek out potential long-term strategic partners or acquisitions to support the business.

Production and Services

All manufacturing is outsourced to third parties who make the products to spec in GMP (good manufacturing practice) or HAACP compliant facilities. Products sold are certified by the National Animal Supplement Council (“**NASC**”). The Company received the NASC Seal after successfully passing a thorough quality audit and documentation review. As part of the certification, NASC ensures stringent ingredient qualification, quality production processes, adverse event reporting procedures, continuous product and data monitoring, and allowable product claims.

Specialized Skill and Knowledge

The global pet business is complex and requires a specialized knowledge of industry distribution channels, formula and product creation, and specific pet food manufacturing expertise. Darcy Bomford, our founder and President has more than 30 years of pet industry experience.

Prior to founding True Leaf, Mr. Bomford was the founder and Chief Executive Officer of Darford International Inc. (“**Darford**”) - whose common shares were formerly traded on the TSX Venture Exchange under the symbol “WUF”. Darford was a manufacturer and marketer of branded and private label pet food products and built a name for itself as an innovative small-run baked treat supplier. Darford operated with two federally inspected and organically certified production plants in the United States and Canada and a specialized ‘hard-baked’ plant in Washington State.

Mr. Bomford has extensive expertise with professional manufacturing systems, including comprehensive third party audited food safety systems, product development, marketing and sales within a highly regulated and competitive industry. Darcy is able to leverage his extensive contacts and experience in the North American and European pet products industry to expand sales and markets and to create unique formulations for the Company’s pet product division.

The team also includes significant all-star talent from the pet and CPG industry with over 250 years of combined experience working at leading pet companies including Mars Petcare, IAMS, PetCo, Petcurean, and lululemon:

- Kerry Biggs, CFO (VP Treasurer, Lululemon);
- Kevin Cole, President TL Pet (VP Marketing, Mars Pet Care, Canada);
- Allen Fujimoto, SVP Supply Chain (Petco Supply Chain and Operations)
- Jodi Watson, Director (Petco, CMO);
- Bob Hanson, Malcom Elam, European Sales (Mars Petcare Europe);

- Patrick Westbrooke, Sales Director (CanAm Pet Products); and
- Brad Bytoff, Sales, USA West (Petcurean Pet Nutrition)

Competitive Conditions (Pet)

The cannabis-for-pets industry is a new industry that is growing very rapidly. While this industry is subject to strict regulation, many competitors are manufacturing and selling pet products that are not fully legally compliant in their jurisdictions. As of the date of this AIF, CBD for pets is not legal in Canada and not fully approved by the Food & Drug Administration in the US.

The Company will face competition from the following sources:

(i) Illegal / “Grey” businesses:

There are illegal cannabis-for-pet companies operating in the grey and black markets that represent competition and divert customers away from our current base. We believe that we can reduce the impact of competition from illegal businesses by focusing on education and the importance of our safe, legal and effective hemp-based products that follow strict quality and regulatory guidelines.

(ii) Licensed producers:

A few licensed producers in Canada have publicly declared their interest or launched early initiatives in the cannabis-for-pets space. These companies have larger operations and more financial resources than we do but are also trying to focus on multiple strategies in varying market channels. We believe that we can reduce the impact of competition from Licensed Producers by virtue of our focus as a cannabis-for-pets ‘pure play’. We believe that our authentic brand, passionate team and market-focused product line will connect with pet owners and give us a distinct competitive advantage over the cannabis conglomerates.

Competitive Conditions (Cannabis)

The Company applied for “licensed producer status” under the ACMPR in Canada (now the Cannabis Act). As of May 22, 2019, Health Canada had granted licenses under the ACMPR to a total of 179 producers (“**Licensed Producers**”) of which 87 are fully authorized to produce and sell cannabis, 40 have a license restricted to the cultivation of medical cannabis, 4 have a license to only sell medical cannabis, 2 have a license just to label, test or package medical cannabis, 30 have a license only to produce cannabis oils, 11 are restricted to processing only, 52 analytical laboratories are licensed in Canada to conduct activities with cannabis, and 2 licenses are currently suspended. These licenses issued under the ACMPR are now deemed to be licenses under the Cannabis Act.

See below under the heading “Risk Factors - Competition” for further information.

New Products

See “*Our Pet Products*” above for information on our new products.

To support future product development, a Veterinary Advisory Board (“**VAB**”) was formed and chaired by Dr. Katherine Kramer, an internationally recognized opinion leader in the area of

cannabis-based healing for pets and currently the Medical Director at the VCA-Canada Vancouver Animal Wellness Hospital. Dr. Kramer has been practicing veterinary medicine for 17 years and is an advocate for the research and therapeutic use of cannabis for animals.

Dr. Kramer's role will include recruiting veterinarians from around the world to join the VAB and to support the Company's development of legal and safe medicinal cannabis products for pets.

On May 14, 2019, Dr. Conny Mosley joined the VAB. Dr. Mosley is a Director and Vice-President of the Canadian Association of Veterinary Cannabinoid Medicine ("**CAVCM**") and brings more than 20 years of experience in veterinary medicine. She currently leads the integrative pain management service at the VCA Canada 404 Veterinary Emergency and Referral Hospital in Newmarket, Ontario, which improves the quality of life for pets through perioperative, postoperative, acute and chronic pain management.

Dr. Mosley is a strong advocate for cannabis-based therapies for animals, and through her work at CAVCM, and with the Canadian Veterinary Medical Association ("**CVMA**"), is encouraging Health Canada to amend the Cannabis Act to permit the future classification of CBD as a Veterinary Health Product. This would allow the Company to market legal and quality-controlled CBD products for pets to market in Canada.

The VAB will be instrumental in:

- providing strategic direction and oversight on the new product pipeline;
- leading the design and execution of supportive trials for the existing hempseed based products;
- research and development of a future CBD product line focused on the vet market; and
- development of education programs for veterinarians and pet owners on the best use of cannabis products for pets.

Components

The Company provides our contract manufacturers with formulations and manufacturing specifications for each product. Certain proprietary or active ingredients such as hemp seed powder, hemp seed oil chamomile, L-Theanine, green lipped mussel, etc. are purchased from suppliers vetted by TL Pet and shipped to the contract manufacturers. All of these components must meet spec and have GFSI certifications and/or NASC certification to qualify as a supplier to True Leaf.

The Company utilizes hemp processors in Canada, the US and Europe who are able to meet the same strict quality and quantity requirements at competitive prices. TL Pet's North American operations source hemp from Canadian and American processors. True Leaf Pet's European operations source all hemp from approved European hemp. The Company has entered into a long-term supply contract for its source of hemp leaf extract and is negotiating the same with its hemp seed suppliers.

All of the current suppliers have the ability to scale to support the Company's growth in the future. Multiple alternative sources for a majority of the Company's raw ingredients have been developed in order to reduce overall supply chain risk.

Environmental Protection

There are no specific environmental requirements to our TL Pet business. TL Pet outsources its manufacturing process to third parties.

Regulatory Framework

Pet Food-Related Regulation - Canada

In Canada, the labeling and advertising of pet food is regulated by the *Consumer Packaging and Labelling Act* and the *Competition Act*, administered by Industry Canada. The *Consumer Packaging and Labelling Act* sets out certain criteria that are required to be included on pet food labels.

A guidance document was also developed by a working group of pet food manufacturers (members of the Pet Food Association of Canada), importers, representatives from the competition bureau and the government of Canada. These label guidelines are now an accepted standard in the industry and include the following criteria at a minimum:

- 1) a list of ingredients in descending order by percentage of weight;
- 2) feeding instructions; and
- 3) guaranteed analysis, being information on the minimum and maximum nutritional quantities. For example, the analysis will include the maximum or minimum percentage of protein, fat, fibre, and moisture as well as the nutritional adequacy or intended life stage for which the food is suitable. They also recommend that ingredients be listed and identified by their common name. When an ingredient or combination of ingredients makes up 90% or more of the total weight of all ingredients, these ingredients should also form a part of the product name. For example, if the product contains 90% or more beef, it may be called “my brand beef dog food”.

The Canadian Food Inspection Agency (“**CFIA**”) regulates pet food imports and related products to prevent animal diseases from being introduced in Canada. The CFIA also provides verification and certification services for pet foods that are made in Canada that are intended for export around the world. The CFIA will conduct inspections of the Canadian export manufacturing establishments to verify that the products, manufacturing facilities, and practices meet the importing country’s market access requirements

In Canada, products that pass the Canadian Veterinary Medical Association (“**CVMA**”) Pet Food Certification Program, which involves a feeding trial, carry a CVMA label on their packaging. Participation in the program is voluntary.

Pet Supplement Regulation - Canada

Products sold and marketed as ‘pet supplements’ in Canada are currently administered by the Canadian Veterinary Health Products (“**VHP**”) Notification Program.

Health Canada allows for VHPs to obtain a notification number if certain conditions have been met, the significant ones being:

- The product is for use only in dogs, cats, or horses that are not intended for food;
- All ingredients are listed in and meet the conditions of admissible substances in the 'List of Substances' established by Health Canada;
- There is objective and credible evidence demonstrating that the product is safe and can support a reasonable expectation of effectiveness when the product is used as intended; and
- Product labeling information and any other information supplied to the users will match the information provided on the notification form (e.g. health claims) and comply with the conditions of admissible substances (e.g. contraindications, cautions and warnings).

The company is involved in the program and expects to obtain Notice of Compliance Numbers for all of our products by the end of the year through regulatory process.

Pet Food-Related Regulation - United States

In the United States, the Food and Drug Administration's ("FDA") Center for Veterinary Medicine regulates animal feed, including pet food, under the *Federal Food, Drug and Cosmetic Act* ("FFDCA") and its implemented regulations. Although pet foods are not required to obtain premarket approval from the FDA, any substance that is added to or is expected to become a component of a pet food must be used in accordance with a food additive regulation unless it is generally recognized as safe ("GRAS") under the conditions of its intended use.

The labeling of pet foods is regulated by both the FDA and individual state regulatory authorities. FDA regulations require proper identification of the product, a net quantity statement, a statement of the name and place of business of the manufacturer or distributor and proper listing of all the ingredients in order of predominance by weight. The FDA also considers certain specific claims on pet food labels to be medical claims and therefore subject to prior review and approval by the FDA. In addition, *the Food and Drug Administration Amendments Act of 2007* requires the FDA to establish ingredient standards and definitions for pet food, processing standards for pet food and updated labeling standards for pet food that include nutritional and ingredient information. The FDA is currently working to implement these requirements.

The FDA recently noted an increase in the number of dog and cat foods labeled as being intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease and noted that animal health may suffer when such products are not subject to pre-market FDA approval and are provided in the absence of a valid veterinarian-client-patient relationship. The FDA recently issued guidance containing a list of specific factors it will consider in determining whether to initiate enforcement action against products that satisfy the definitions of both an animal food and an animal drug, but which do not comply with the regulatory requirements applicable to animal drugs. These include, among other things, whether the product is only made available through or under the direction of a veterinarian and does not present a known safety risk when used as labeled. We believe that we market our products in compliance with the policy articulated in FDA's guidance and in other claim-specific guidance, but the FDA may disagree or may classify some of our products differently than we do and may impose more stringent regulations applicable to

animal drugs, such as requirements for pre-market approval and compliance with GMPs for the manufacturing of pharmaceutical products.

Under Section 423 of the FFDCFA, the FDA may require the recall of a pet food product if there is a reasonable probability that the product is adulterated or misbranded and the use of or exposure to the product will cause serious adverse health consequences or death. In addition, pet food manufacturers may voluntarily recall or withdraw their products from the market.

Most states also enforce their own labeling regulations, many of which are based on model definitions and guidelines developed by the Association of American Feed Control Officials (“**AAFCO**”). AAFCO is a voluntary, non-governmental membership association of local, state and federal agencies that are charged with regulation of the sale and distribution of animal feed, including pet foods. The degree of oversight of the implementation of these regulations varies by state, but typically includes a state review and approval of each product label as a condition of sale in that state.

Most states require that pet foods distributed in the state be registered or licensed with the appropriate state regulatory agency.

Facilities that manufacture, process, pack, or hold foods, including pet foods, intended for animal consumption in the United States, must register with the FDA and must renew their registration every two years. This includes most foreign and domestic facilities. Registration must occur before the facility begins its pet food manufacturing, processing, packing, or holding operations.

The Company is also subject to the *Food Safety Modernization Act* (“**FSMA**”). Under the FSMA, the FDA implemented the Current Good Manufacturing Practice, Hazard Analysis and Risk-Based Preventive Controls for Animal Food. All manufacturing facilities must comply with the Foreign Supplier Verification Program on or before July 2017.

Pet Supplement Regulation - United States

Some of the company’s product line is marketed as dosage form supplements for animals, not classified as either feed or treats. According to the FDA, supplements for animals are not recognized as a class of products. Under the *Federal Food, Drug, and Cosmetic Act*, products marketed as dietary supplements for use in animals are classified as either foods or drugs, depending on their intended use.

In order to find a pathway to market for its supplement products, the company is a member and complies with the product guidelines of the National Animal Supplement Council (“**NASC**”). NASC was formed in 2001 when the animal health supplement industry was threatened to be shut down from a complicated and erratic regulatory environment under the AAFCO and FDA regulatory bodies.

NASC put together a framework under which companies could market and distribute products, as long as they were ‘non-food’ and didn’t make nutritional claims or references anywhere on the label, website or promotional material. Product claims could only involve how the ingredients impacted the structure or function of the animal, ‘joint support’ or ‘cardiovascular health’ are common examples.

Since 2002, AAFCO, the FDA and the NASC have worked together and supported this product category, thus allowing the marketing and sale of animal supplements.

The company follows the NASC member requirements, including implementing standards for good manufacturing practices, participating in the NASC Adverse Event Reporting System and complying with all supplement labeling and claims guidelines. The Company maintains NASC membership and is audited every two years.

Cannabis for Medical Purposes - TL Cannabis

TL Cannabis was launched in July 2013 to become a licensed producer of medical cannabis for the Canadian market under Canada's (now repealed) ACMPR program administered by Health Canada. Pursuant to the Cannabis Act and Cannabis Regulations, TL Cannabis is required to submit an Evidence Site Package Attestation to Health Canada for its cannabis production facility. Subsequent to March 31, 2019, the Company submitted an Evidence Site Package to Health Canada in July 2019. The Company completed construction of its facility in March 2019 and anticipates receiving its license to cultivate cannabis in the Fall of 2019.

The Company's long-term business objectives for TL Cannabis are:

- With the Lumby facility now complete, seek final approvals to become a Licensed Producer of cannabis and be approved as a grower and seller of cannabis under the Cannabis Act in Canada;
- Assess the sale/lease of space within the Lumby facility, as well as offering value-added services, potentially supporting the micro-cultivator cannabis community;
- Assess the opportunity to assign capital towards research and development in order to build a base of intellectual property from proprietary formulations, cultivars, with a focus on unique pet product formulations and supplements; and
- Assess and explore opportunities to develop a base of wholesale supply contracts for the recreational or medicinal markets.

Products and Services

We plan to be a cultivation-focused Licensed Producer with a specific focus on premium cannabis flower. Premium cannabis flower is produced through a combination of high-quality genetics, facilities and standard operating procedures ("**SOPs**").

If we receive a license to grow and sell cannabis from Health Canada, we plan to create a variety of premium CBD strains and offerings to support the research and development of a full line of unique and proprietary CBD pet supplements and products. Currently, CBD products for pets are not approved or legal, however, our expectation is these pet product formulations will become a legal, mainstream offering for the pet market in the future. We expect to have a competitive advantage to market and sell our CBD line for pets given our strong branding and global distribution network already in place.

We expect that any cannabis grown and not used for our CBD pet products and supplements line will be sold to the wholesale market in Canada.

We also intend to assess the merits of creating space to sell and/or lease, as well as offer value-added services, to support micro-cultivators. The Cannabis Regulations allow micro-cultivator licenses to small companies and individuals that would permit them to grow and sell cannabis to

other licensed producers, licensed retailers and storefront dispensaries. These changes by Health Canada have created opportunity not only for the large commercial growers but also for independent growers.

Specialized Skill and Knowledge

The primary specialized skill and knowledge requirement for success as a Licensed Producer of cannabis is with respect to cultivating and producing cannabis. We believe we have experienced personnel that can produce premium, high quality cannabis to support the creation of industry leading cannabis products for pets.

Health Canada, pursuant to the Cannabis Regulations, sets the standard required for production and sale of medical cannabis. Our growers and quality assurance personnel will work to ensure a premium, consistent product is produced, meeting or exceeding Health Canada standards.

Competitive Conditions

We have applied for “licensed producer status” under the ACMPR and the Cannabis Act in Canada (now transitioning to the Cannabis Act). As of May 22, 2019, Health Canada had granted licenses under the ACMPR to a total of 179 Licensed Producers of which 87 are fully authorized to produce and sell cannabis, 40 have a license restricted to the cultivation of medical cannabis, four have a license just to sell medical cannabis, two have a license just to label, test or package medical cannabis and 30 have a license only to produce cannabis oils. 11 are restricted to processing only, 52 analytical laboratories are licensed in Canada to conduct activities with cannabis, and two licenses are currently suspended. A number of other entities have applications pending or will seek to obtain licensed producer status under the new Cannabis Act.

The differentiators of cannabis between competitors are expected to be price, quality (smell/taste/appearance), organic purity (zero additive, pesticide, mould treatment or anti-biological) and production process. The cost of growing an inexpensive strain (i.e. mass market) is identical to growing premium strains and the crop risks are identical (disease, pests and infrastructure failure). The majority of firms with listed product often overlap in strains and strengths (THC/CBD). We believe we will successfully compete with other Licensed Producers as our cannabis will be used to create unique, value added products to sell into the large, growing pet supplement market.

New Products

As of the date of this AIF, TL Cannabis does not offer any products for sale.

Components

As of the date of this AIF, TL Cannabis does not require any raw materials for its planned future product medicinal cannabis product offerings.

The Lumby Property

During the year ended March 31, 2019, the Company completed construction on the first phase of the property in Lumby B.C. of the cannabis cultivation facility, the True Leaf Campus. As at March 31, 2019, construction costs incurred of CDN\$7.5 million are capitalized and depreciation will commence when the facility is put to use.

The completed phase includes a two-storey, 18,000 square foot central hub for the initial grow area, laboratory services, whole-plant extraction, and the production of therapeutic cannabis products for pets.

The facility was designed to be scalable in more ways than simply adding grow space. In order to conserve capital expenditures while fully leveraging 40 acres of rare industrial zoned land, its modular design, phased approach, and flexible engineering of the central administration area allow True Leaf to expand easily for future phases and respond to the ever-changing cannabis market and regulations.

The True Leaf Campus was also designed to align with the Company's growing method, which focuses on producing a premium medicinal product. That philosophy is reflected in the well-thought-out interior and exterior build which includes the use of cutting-edge building materials that promote a sterile grow environment free of contaminants, including state-of-the-art air filtration, hospital grade finishes, and impermeable interior and exterior wall panels.

True Leaf continues to work through the Health Canada approval process to cultivate and produce cannabis for True Leaf products. Depending on Health Canada timelines, approval is anticipated in the Fall of 2019.

The True Leaf Campus will provide employment in Lumby, BC, a hard-hit logging community of 1,700 in the northeast of the Okanagan Valley. The facility sits on an industrially zoned 40-acre site owned by True Leaf with full local government support, so the Company is well-positioned to expand to meet future market demands.

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Exterior Views of the True Leaf Campus



Regulatory Framework

Legal Developments

On November 27, 2017, the House of Commons passed the Cannabis Act and on June 21, 2018, the Government of Canada announced that the Cannabis Act received Royal Assent. The Cannabis Act came into force on October 17, 2018. On July 11, 2018, the Cannabis Regulations were released by the government and these regulations also came into force on October 17, 2018. The Cannabis Regulations, among other things, set forth the following:

1. Licenses, Permits and Authorizations;
2. Security Clearances;
3. Cannabis Tracking System;
4. Cannabis Products;
5. Packaging and Labelling;
6. Cannabis for Medical Purposes; and
7. Drugs Containing Cannabis.

Licenses, Permits and Authorizations

The Cannabis Regulations establish six classes of licenses: (1) cultivation licenses; (2) processing licenses; (3) analytical testing licenses; (4) sales for medical purposes licenses; (5) research licenses; and (6) cannabis drug licenses. The Cannabis Regulations also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each sub-class therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and each sub-class.

The Cannabis Regulations provide that all licenses issued under the Cannabis Act are valid for a period of no more than five years and that no licensed activity may be conducted in a dwelling-house. The Cannabis Regulations also permit both outdoor and indoor cultivation of cannabis. On May 8, 2019 Health Canada announced that it would require new applicants for licenses to cultivate, process or sell cannabis for medical purposes to have a fully built site that meets all the requirements of the Cannabis Regulations at the time of their application, as well as satisfying other application criteria. The implications of this regulatory change are significant as it will limit the number of new license applicants entering the market and reduce overall market competitiveness.

Generally, the Cannabis Act provides that licenses issued under the ACMPR that were in force immediately before the Cannabis Act coming into force on October 17, 2018 are deemed to be licenses issued under the corresponding provisions of the Cannabis Act for the applicable activity and any such licenses will continue in force so long as they are renewed and are not revoked or expired. For example, under the ACMPR authorizing the production of fresh or dried cannabis, or cannabis plants or seeds is deemed to be a cultivation license under the Cannabis Act, a licence under the ACMPR authorizing the production of cannabis oil or cannabis resins deemed to be a processing license under the Cannabis Act, and a license under the ACMPR authorizing sale of cannabis plants, seeds, fresh or dried cannabis or cannabis oil to medical users is deemed to be

a license for sale for medical purposes, provided that the license holder meets certain requirements.

Similarly, the Cannabis Act generally provides that licenses pertaining to cannabis or its derivatives issued under the Narcotic Control Regulations that are in force immediately before the Cannabis Act came into force are deemed to be licenses issued under the corresponding provisions of the Cannabis Act and any such license continues in force until revoked or it expires. For example, a license issued under the NCR authorizing cultivation of cannabis for scientific purposes shall be a research license under the Cannabis Act.

Security Clearances

Under the Cannabis Regulations, certain people associated with cannabis licensees, including individuals occupying a “key position”, directors, officers, large shareholders and individuals identified by the Minister of Health, must hold a valid security clearance issued by the Minister. This includes individuals that have direct control over a license holder, as well as the officers and directors of any corporation having direct control over a license holder (e.g., officers and directors of a parent corporation). The Cannabis Regulations provided a three-month grace period for current license holders to identify those individuals that require security clearances and to apply for such security clearances (i.e., until January 17, 2019). Security clearances issued under the ACMPR are considered to be security clearances for the purposes of the Cannabis Act and Cannabis Regulations.

Under the Cannabis Regulations, the Minister of Health may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with drug trafficking, corruption or violent offences. Individuals who have histories of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister and such applications will be reviewed on a case-by-case basis.

Cannabis Tracking System

Under the Cannabis Act, the Minister of Health is authorized to establish and maintain a national cannabis tracking system (the “**Cannabis Tracking System**”). The Cannabis Regulations provide the Minister of Health with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister.

The Ministerial Order regarding the Cannabis Tracking System was published in the Canada Gazette, Part II, on September 5th, 2018 and came into effect on October 17, 2018. The purpose of this system is to track the flow of cannabis throughout the supply chain as a means of preventing the illegal inversion and diversion of cannabis into and out of the regulated system. Under the Cannabis Tracking System, a holder of a licence for cultivation, licence for processing, or a licence for sale for medical purposes is required to submit monthly reports to Health Canada. The first monthly reports from licence holders and provinces and territories under the Cannabis Tracking System were due no later than November 15, 2018.

Cannabis Products

The Cannabis Regulations permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in such forms as “pre-rolled” and in capsules. The THC content or and size of certain cannabis products is limited by the Cannabis Regulations. The sale of edible cannabis products and concentrates (such as hashish, wax and vaping products) are currently prohibited but are expected to be permitted within one year following the Cannabis Act coming into force.

Packaging and Labelling

The Cannabis Regulations set out requirements pertaining to the packaging and labelling of cannabis products. Such requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis. All cannabis products are required to be packaged in a manner that is tamper-proof and child-resistant in accordance with the Cannabis Regulations.

Health Canada is proposing strict limits on the use of colours, graphics, and other special characteristics of packaging. Cannabis package labels must include specific information, such as: (i) product source information, including the class of cannabis and the name, phone number and email of the cultivator; (ii) a mandatory health warning, rotating between Health Canada’s list of standard health warnings; (iii) the Health Canada standardized cannabis symbol; and (iv) information specifying THC and CBD content.

A cannabis product’s brand name may only be displayed once on the principal display panel or, if there are separate principal display panels for English and French, only once on each principal display panel. It can be in any font style and any size, so long as it is equal to or smaller than the health-warning message. The font must not be in metallic or fluorescent colour. In addition to the brand name, only one other brand element can be displayed.

The Cannabis Regulations provide a six-month transitional period to allow licensed holders under the ACMPRs to sell cannabis products labelled in accordance with the ACMPRs.

Advertising

The Cannabis Act provides for prohibitions regarding the promotion of cannabis products. Subject to a few exceptions, all promotion of cannabis products is prohibited unless authorized by the Cannabis Act. The prohibitions apply to anyone who may be involved in promotion cannabis, cannabis accessories and services related to cannabis, including: (1) persons who produce, sell or distribute cannabis; (2) persons who sell or distribute cannabis accessories; (3) persons who provide cannabis-related services; or (4) media organizations.

Limited promotion of cannabis, cannabis accessories and cannabis-related services is permitted under the Cannabis Act in specific circumstances including (1) informational promotion or brand-preference promotion; (2) point of sale; and (3) brand elements on things that are not cannabis or a cannabis accessory subject to restrictions.

Cannabis for Medical Purposes

On October 17, 2018, the medical cannabis regime under the ACMPRs was repealed and substantively reinstated into the Cannabis Regulations under the Cannabis Act. As a result, the

medical cannabis regulatory framework under the Cannabis Act and the Cannabis Regulations will remain substantively the same as previously existing under the *Controlled Drugs and Substances Act* and the ACMPR, with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system (see Part 14 of the Cannabis Regulations entitled “**Access to Cannabis for Medical Purposes**”). The sale of medical cannabis will remain federally regulated, and in each case, sales can only be made by an entity that holds a licence to sell under the Cannabis Regulations to clients that have a medical document and that have registered with the licensed entity. Just as with the previous medical cannabis regime under the ACMPRs, under the Cannabis Regulations, clients (patients) will need to obtain a medical document (a document similar to a prescription) from their doctor and then register as a client with a cannabis company that has a licence to sell for medical purposes (the registration is only good for up to a year).

Provincial Regulatory Framework

While the Cannabis Act provides for the regulation of the commercial production of cannabis for recreational purposes and related matters by the federal government, the Cannabis Act proposes that affords the provinces and territories of Canada with the authority to regulate other aspects of cannabis for recreational purposes (similar to what is currently the case for liquor and tobacco products) such as sale and distribution, minimum age requirements that are greater than the minimum of 18 included in the Cannabis Act, places where cannabis can be consumed, and a range of other matters.

With respect to sale and distribution, there are essentially three general frameworks that the provinces and territories have implemented: (i) privately operated cannabis retailers licensed by the province; (ii) government run retail stores; or (iii) a combination of both frameworks (e.g. allowing for privately-operated and government-operated brick and mortar retail stores, while online retail stores, in most jurisdictions, are operated by the applicable provincial or territorial government). Regardless of the framework, the recreational cannabis market will ultimately be supplied by federally licensed cultivators and processors. Most jurisdictions have implemented a government-run wholesale model. Brick and mortar retail stores are required to obtain their cannabis products from the wholesalers, while the wholesalers, in turn, acquire the cannabis products from the federally licensed cultivators and processors.

General

Intangible Properties

The ownership and protection of our intellectual property is integral to our future success. Currently, we protect our intangible assets through trade secrets, technical know-how and proprietary information (the “**Intellectual Property**”). We protect our Intellectual Property by seeking and obtaining registered trademark protection where possible, developing and implementing standard operating procedures and entering into non-disclosure agreements with parties that have access to our Intellectual Property to protect our confidentiality and ownership of its Intellectual Property. We also seek to preserve the integrity and confidentiality of our Intellectual Property by maintaining physical security of our premises and physical and electronic security of our information technology systems.

Cycles

Our business is not cyclical in nature.

Employees

We have seventeen employees and have engaged four consultants.

Foreign Operations

Our TL Pet division sells a range of pet treats in Europe and operates there under True Leaf Pet Europe LLC Sarl, a Luxembourg corporation.

Warrant Repricing

On December 24, 2018, the Company approved the repricing of 2,354,254 warrants expiring on May 29, 2019, and 3,025,983 warrants expiring on June 12, 2019. The exercise price changed from CDN\$0.45 per share to CDN\$0.355, bringing it in line with the closing market price per share as at December 21, 2018. On February 5, 2019, warrant holders holding 3,223,227 of the Company's warrants expiring on May 29, 2019 and June 12, 2019, consented to and agreed with the repricing of the exercise price of their warrants from CDN\$0.45 per share to CDN\$0.355 per share. The total number of warrants exercised in the repricing was 2,575,895 at CDN\$0.355 per share. The total proceeds received by the Company from the warrant repricing was CDN\$914,442.73.

Lind Financing

On February 21, 2019, the Company raised CDN\$4.5 million from the Lind Partners, a New York fund manager. The CDN\$4.5 million investment was in the form of a convertible security with a maturity date of 24 month and a fixed conversion price of CDN\$0.40. The CDN\$5.4 million face value of the convertible security is comprised of a principal amount of CDN\$4.5 million and interest of CDN\$900,000. The Company is required to repay the principal amount in 18 equal monthly payments, starting six months after the deal's closing. The repayment amount will be reduced in any month, by an amount converted by Lind Partners in the Company's common shares. The investor will also receive 5.625 million warrants of the Company, with each warrant entitling the investor to purchase one common share at an exercise price of CDN\$0.5089. The warrants expire 36 months from their date of issue in most cases. Under the Convertible Funding Agreement, the Company and the Lind Partners may reach an agreement for Lind to advance up to an additional CDN\$6 million in gross proceeds in exchange for a second convertible security on the same terms and conditions.

Changes to Contracts

Aside from the above, we have not entered into any contracts which, if terminated or re-negotiated in the current financial year, would have a material impact on our operations.

Environmental Protections

Our cannabis production facility in Lumby, B.C. is in compliance with all applicable environmental requirements.

Lending

We do not lend funds as part of our regular operations.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

Material Reorganizations

We have not completed any material reorganizations within the three most recently completed financial years and do not have any material reorganizations planned during the current financial year.

Risk Factors

General Business Risks

The existence of material uncertainties may cast significant doubt on our ability to continue as a going concern.

Our continued operations are dependent on our ability to generate future cash flows from operations and obtain additional funding through external financing to deliver on its business plan. There is a risk that financing will not be available on a timely basis or on terms acceptable to us. If the Company is unable to raise the necessary resources and generate sufficient cash flows to meet obligations as they come due, the Company may, at some point, be required to reduce its operations.

Our success depends in part on our ability to attract and retain senior management and key skilled professionals which we may or may not be able to do. Our failure to do so could prevent us from achieving our goals or becoming profitable.

Our success is dependent on the ability of our directors and officers to develop our business and manage our operations. It is also dependent on our ability to attract and retain key quality assurance, scientific, sales, public relations, and marketing staff. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for sales and marketing staff as well as officers and directors - can be intense. While competitive compensation packages are provided as a primary method of retaining the services of key individuals, no assurance can be provided that we will be able to attract or retain key personnel in the future. This may adversely impact our operations.

We will need a significant amount of capital to execute our business plan. Unless we are able to raise sufficient funds, we may be forced to discontinue our operations.

We are in the development stage and will likely operate at a loss until our business becomes established. We will require additional financing in order to fund future operations. Our ability to secure any required financing in order to commence and sustain our operations will depend, in part, upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to secure any additional financing or additional financing on terms satisfactory to our management. If additional financing is raised by issuing common shares, control may change and shareholders may suffer additional dilution. If adequate

funds are not available or they are unavailable on acceptable terms, we may be required to scale back our business plan or cease operating.

We have a limited operating history, and accordingly, we are subject to many of the risks of early stage enterprises.

We have earned revenues from TL Pet and TL Europe since they began operations in 2015 and 2016 respectively; however, these two operations have not yet achieved profitability.

TL Cannabis was launched in July 2013 to become a licensed producer of medicinal cannabis for the Canadian market under the ACMPR program administered by Health Canada. Construction of TL Cannabis' cannabis production facility was completed in March 2019 with the occupancy permit being granted. TL Cannabis is an applicant for cultivation, processing and medicinal sales licenses with Health Canada. The application for a cultivation license is in its final stage and an Evidence Site Package Attestation was submitted to Health Canada in July of 2019. Moving forward, TL Cannabis will be complying with the licensing requirements pursuant to the Cannabis Act and Cannabis Regulations. TL Cannabis continues to work diligently to comply with all of the requirements of Health Canada in order to be successful at receiving a license to sell cannabis under the Cannabis Act. There is no guarantee that the Company will receive a license to produce cannabis under these new regulations. The Company is exploring alternative business models for TL Cannabis in the event that it is unsuccessful in obtaining its license.

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. There is no assurance that our future operations will result in profitability. If we cannot generate sufficient revenues to operate profitably, we may suspend or cease our operations. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

We have a history of operating losses.

We have a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability. We have incurred losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, we expect to continue to increase operating expenses as we implement initiatives to continue to grow our business and deliver on our business plan. If our revenues do not increase to offset these expected increases in costs and operating expenses, we will not be profitable. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding.

Risks Related to Our Common Shares

If we issue additional common shares, shareholders may experience further dilution in their ownership of us.

We are authorized to issue an unlimited number of common shares without par value. We have the right to raise additional capital or incur borrowings from third parties to finance our business. Our board of directors has the authority, without the consent of any of our shareholders, to cause us to issue more common shares. Consequently, shareholders may experience more dilution in their ownership of us in the future. Our board of directors and majority shareholders have the power to amend our constituting documents in order to affect forward and reverse stock splits, and recapitalizations of the company. The issuance of additional common shares by us would dilute all existing shareholders' ownership in us.

We cannot assure that we will ever pay dividends.

We do not currently anticipate declaring and paying dividends to our shareholders in the near future. It is our current intention to apply net earnings, if any, in the foreseeable future to increase our capital base and marketing. Prospective investors seeking or needing dividend income or liquidity should therefore not purchase our common shares. We cannot assure that we will ever have sufficient earnings to declare and pay dividends to the holders of our common shares, and in any event, a decision to declare and pay dividends is at the sole discretion of our board of directors.

We are controlled by our principal shareholder, Darcy Bomford, whose interests may differ from those of the other shareholders.

Mr. Darcy Bomford is our CEO, founder, principal shareholder and a director of the Company. As of the date of this AIF he owns directly and indirectly a total of 23,879,649 common shares or 24.09% of the total issued and outstanding common shares of our company.

Mr. Bomford, as our principal shareholder, is able to exercise significant control over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common shares. This concentration of ownership may not be in the best interests of all of our shareholders.

Future sales of our common shares, or the perception that such sales may occur, could depress our common share price.

Our notice of articles authorizes us to issue up to an unlimited number of common shares. In the future, we may issue additional common shares or other securities if we need to raise additional capital. The number of new common shares issued in connection with raising additional capital could constitute a material portion of those current outstanding common shares. Any future sales of our common shares, or the perception that such sales may occur, could negatively impact the price of our common shares.

Our common shares are thinly traded and you may be unable to sell at or near asking price, or at all.

We do not have a liquid market for our common shares, and we cannot predict the extent to which an active public market for trading our common shares will be achieved or sustained. We can be thinly traded given we are a small company that is relatively unknown to stock analysts, stockbrokers, institutional investors and others in the investment community who generate or influence sales volume. Even if we came to the attention of such persons, those persons tend to be risk-averse and may be reluctant to follow, purchase, or recommend the purchase of shares of an unproven company such as ours until such time as we become more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common shares will develop or be sustained, or that current trading levels will be sustained.

The market price for our common shares may be volatile, which may result in a decline in value of your investment.

The trading price of our common shares has been and may continue to be volatile. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions could reduce the market price of our common shares in spite of our operating performance. In addition, our results of operations could fail to meet the expectations of investors due to a number of potential factors, including variations in our quarterly results of operations, additions or departures of key management personnel, failure to meet our projected operational milestones, litigation and government investigations. Other factors which may affect the value of our common shares include: changes or proposed changes in laws, new regulations, or differing interpretations or enforcement of the law, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about our industry or individual scandals. All of these events could result in a decrease of the market price of our common shares and as a result, you may be unable to resell your common shares at or above the price you acquired our securities.

Risks Relating to Our Pet Business

We are subject to significant risks associated with introducing new products including the risk that our new product developments will not produce sufficient sales to recoup our investment.

Our pet support supplements and chews include ingredients not traditionally found in such products. Our success will depend on our ability to build a following for our products. We cannot assure you that we will be successful in achieving market acceptance of our products. Our failure to successfully market and build a customer base for our products could harm our ability to grow our business and could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to successfully implement our growth strategy on a timely basis or at all.

Our future success depends, in large part, on our ability to implement our growth strategy, including expanding distribution in Canada, United States, Europe, and Asia and generating sales in other key markets such as South Africa, Australia and New Zealand, attracting new consumers to our brand, introducing new products and product line extensions, and expanding into new markets. Our ability to implement this growth strategy depends, among other things, on our ability to:

- enter into distribution and other strategic arrangements with retailers and other potential distributors of our products;
- expand and maintain brand loyalty;
- effectively compete with specialty pet products;
- secure shelf space in stores;
- increase our brand recognition by effectively implementing our marketing strategy and advertising initiatives;
- develop new products and product line extensions that appeal to consumers;
- maintain sources for the required supply of quality raw ingredients to meet our growing demand; and
- identify and successfully enter and market our products in new geographic markets and market segments.

If we fail to implement our growth strategy or if we invest resources in a growth strategy that ultimately proves unsuccessful, our business, financial condition and results of operations may be materially adversely affected.

We rely on co-packers to provide our supply of pet supplement and treat products. Any failure by co-packers to fulfill their obligations or any termination or renegotiation of our co-packing agreements could adversely affect our results of operations.

We have supply agreements with co-packers that require them to provide us with specific finished products. We rely on co-packers as our sole-source for our products. The failure for any reason of a co-packer to fulfill its obligations under the applicable agreements with us or the termination or renegotiation of any such co-packing agreement could result in disruptions to our supply of finished goods and have an adverse effect on our results of operations. Additionally, from time to time, a co-packer may experience financial difficulties, bankruptcy, or other business disruptions which could disrupt our supply of finished goods. We may also be required to incur additional expenses from the need to provide financial accommodations to the co-packer or taking other steps to minimize or avoid supply disruption, such as establishing a new co-packing arrangement with another provider. During an economic downturn, our co-packers may be more susceptible to experiencing such financial difficulties, bankruptcies or other business disruptions. We mitigate this risk by working with co-packers who have an established track record. In the event we need to hire a new co-packer, the new co-packing arrangement may not be available on terms as favorable to us as the existing co-packing arrangement, if at all.

If we do not manage our supply chain effectively, including inventory levels, our business, financial condition and results of operations may be adversely affected.

The inability of any supplier, co-packer, third-party distributor or transportation provider to deliver or perform for us in a timely or cost-effective manner could cause our operating costs to increase and our profit margins to decrease. We must continuously monitor our inventory and product mix against forecasted demand or risk having inadequate supplies to meet consumer demand as well as having too much inventory on hand that may reach its expiration date and become unsalable. If we are unable to manage our supply chain effectively and ensure that our products are available to meet consumer demand, our operating costs could increase, and our profit margins could decrease.

Failure by our transportation providers to deliver our products on time or at all could result in lost sales.

We use third-party transportation providers for our product shipments. We rely on a number of different providers for our shipments based on cost efficiency and availability at the time of shipping. Transportation services include scheduling and coordinating transportation of finished products to our customers, shipment tracking and freight dispatch services. Risks include higher costs as a result of increases in fuel prices, potential employee strikes, inclement weather or other factors which could delay or cancel the transportation of our products. In the future we may not be able to obtain terms as favorable as those we receive from the third-party transportation providers that we currently use which, in turn, would increase our costs and thereby adversely affect our business, financial condition, and results of operations.

We may face difficulties as we expand into countries in which we have no prior operating experience.

We have recently launched sales of our products in the United States, Europe, Asia, South Africa, Australia and New Zealand. We intend to continue to expand in and into countries in which we have no prior operating experience. From time to time, we expect to encounter economic, political, regulatory, personnel, technological, and language barriers and other risks that may increase our expenses or delay our ability to become profitable in such countries. These risks include:

- the risk that we must spend significant amounts of time and money to build brand recognition without certainty that we will be successful;
- currency fluctuations;
- enforcing agreements and collecting receivables through some foreign legal systems;
- potentially longer payment cycles and greater difficulty in collecting accounts;
- changes in local tax laws, and tax rates that may exceed those of the United States or Canada;
- changes in economic conditions, consumer preferences, or demand for our products in these foreign markets;
- the credit risk of local customers and distributors;
- differences in culture and trends in foreign countries with respect to pets and pet care;
- government regulations that would have a direct or indirect adverse impact on our business and market opportunities, including nationalization of private enterprise; and

- our expansion into new countries may require significant resources and the efforts and attention of our management and other personnel, which could divert resources from our existing business operations. As we expand globally, our success will depend on our ability to anticipate and effectively manage these and other risks associated with our foreign operations. We mitigate this risk through the use of local, on-ground employees and contractors.

Competition in the markets in which we operate, including internet-based competition, is strong. If we are unable to compete effectively, our ability to generate sales may suffer and our operating income and net income could decline.

We are one of many companies in the consumable pet products market competing for a significant market share. Our competition in the healthy feeding systems and healthy consumable products markets are both domestic and foreign companies, many of whom manufacture their products in low cost areas such as India, East Asia, Southeast Asia, and Mexico. Many of these companies also have more brand awareness. We are still building our market presence. Any reputation that we may successfully gain with retailers for quality products does not necessarily translate into name recognition or increased market share with the end consumer.

We compete with a significant number of companies of varying sizes, including divisions or subsidiaries of larger companies who may have greater financial resources and larger customer bases than we have. As a result, these competitors may be able to identify and adapt to changes in consumer preferences more rapidly than we can due to their larger resource base and scale. They may also be more successful in marketing and selling their products, better able to increase prices to reflect cost pressures, and more capable in increasing their promotional activity, which may impact us and the entire pet food industry.

We also compete with other smaller niche market companies focused on the same area of the consumable pet food markets we have entered. These companies may be more innovative and/or able to bring products to market faster and move more quickly to exploit and serve niche markets than we are. If these competitive pressures cause our products to lose or unable to gain market share, our business, financial conditions and results of operations may be materially adversely affected.

The loss of any of our key suppliers or distribution arrangements with key vendors would negatively impact our business.

We purchase significant amounts of products from vendors with differing supply capabilities. There can be no assurance that the vendors who currently supply us with the ingredients necessary to create our pet products will be able to accommodate the anticipated growth and expansion of our locations and e-commerce. An inability of our existing vendors to provide products in a timely or cost-effective manner may impair our business, financial condition and results of operations.

We maintain no long-term supply contracts with any of our distributors. As a consequence, any distributor may discontinue selling our pet products at any time which would result in the inability to sell our products in certain retail locations. The loss of any of our vendors would, therefore, have a negative impact on our business and financial condition.

If we are unable to identify or enter into supply or distribution relationships with new vendors or to replace the loss of any of our existing vendors, we may experience a competitive disadvantage,

our business may be disrupted, and our results of operations may be adversely affected. We are working to expand our online presence to mitigate the risk of any such losses.

We may be exposed to significant product liability claims which our insurance may not cover, and which could harm our reputation.

In the ordinary course of our business, we may be named as a defendant in lawsuits involving product liability claims. In any such proceeding, plaintiffs may seek to recover large and sometimes unspecified amounts of damages and the matters may remain unresolved for several years. Any such matters could have a material adverse effect on our business, results of operations and financial condition if we are unable to successfully defend against or settle these matters or if our insurance coverage is insufficient to satisfy any judgments against us or settlements relating to these matters. Although we have product liability insurance coverage and an excess umbrella policy, our insurance policies may not provide coverage for certain claims against us or may not be sufficient to cover all possible liabilities. Additionally, we do not maintain product recall insurance. We may not be able to maintain such insurance on acceptable terms, if at all, in the future. Moreover, any adverse publicity arising from claims made against us, even if the claims are not successful, could adversely affect the reputation and sales of our products. In particular, product recalls or product liability claims challenging the safety of our products may result in a decline in sales for a particular product and could damage the reputation or the value of the related brand. This could be true even if the claims themselves are ultimately settled for immaterial amounts. This type of adverse publicity could occur, and product liability claims could be made in the future.

We face various risks as an ecommerce retailer and, if we do not manage these risks effectively, our ability to generate sales may suffer and our operating income and net income may decline.

Although ecommerce represents a growing segment of the pet industry, ecommerce operations are still in the early stages of development. We may require additional capital in the future to sustain or grow our ecommerce business. Business risks related to our ecommerce business include our ability to keep pace with rapid technological change, failure in our security procedures and operational controls, failure or inadequacy in our systems or ability to process customer orders, government regulation and legal uncertainties with respect to ecommerce, and collection of sales or other taxes by one or more states or foreign jurisdictions. If any of these risks materialize, it could have an adverse effect on our business.

Increased transactions through our website may result in a reduction in sales at store locations that sell our products. There is a risk that vendors who sell our products may decide to discontinue the sale of our products due to a reduction in sales. If vendors decide to discontinue the sale of our products, this could reduce our exposure to new or potential customers, therefore having an adverse effect on our business.

In addition, we face competition from established companies who sell their products online and have a large customer base. A failure to positively differentiate our product and service offerings from other Internet retailers could have a materially adverse effect on our business, results of operations, or financial condition.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our products and services could be harmed significantly.

We rely on trade secrets, know-how and other proprietary information in operating our business. If this information is not adequately protected, then it may be disclosed or used in an unauthorized manner. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to our proposed products, disputes may arise as to the proprietary rights to such information, which may not be resolved in our favor. The risk that other parties may breach confidentiality agreements or that our trade secrets may become known or independently discovered by competitors could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. The disclosure of our trade secrets would impair our competitive position, thereby weakening demand for our products or services and harming our ability to maintain or increase our customer base.

Risks Relating to Our Proposed Cannabis for Medical Purposes Business

We have not commenced operations and are currently seeking to lay the foundation to commence our business.

We have not received a cannabis cultivation license from Health Canada and there can be no assurance that we will receive such a license. Until we receive a cultivation license, we cannot begin the cultivation, sale and distribution of cannabis for medical purposes. It is currently not known when or if we will be granted a production license. The key milestones to obtaining a cultivation license include filing an application, receiving a pre-licensing approval notice, completion of the upgrades as per the application, approval to produce upon inspection of the facility, and approval to distribute and sell the product.

We are subject to all of the business risks and uncertainties associated with any new business enterprise, including the risks that we will be unable to acquire the necessary cultivation license, successfully produce the product, or establish a market for our product. There can be no assurance that consumer demand for our product will be as anticipated, or that we will become profitable. As a result, an investment in our common shares involves a high degree of risk and should only be acquired if you can afford to lose your entire investment.

Our proposed cannabis business is subject to significant regulation by the Canadian Federal Government. There is no assurance that we will be granted licensed producer status by Health Canada. Any continued delay or failure in obtaining such status would materially and adversely affect our operations.

The success of our subsidiary, TL Cannabis, depends heavily on acquiring a cultivation license from Health Canada so that it can grow, store and distribute cannabis for medical purposes in Canada. There is no assurance that we will be approved by Health Canada or will be granted licensed producer status. Should we be unable to obtain all required licenses, or if the regulations in Canada continue to change, our proposed cannabis production business would not be able to operate or there could be a significant cost to change our operations to remain compliant with the laws and regulations.

Once a cultivation license is obtained, any failure to comply with the terms of the cultivation license, or any failure to renew the cultivation license after its expiry date would have a materially adverse impact on the financial condition and operations of our business.

Our operations are subject to regulations promulgated by government regulatory agencies from time to time. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. However, there can be no guarantee that we will be able to obtain and maintain, at all times, all necessary licenses and permits required to carry out our business.

There are many regulations and governmental agencies that regulate the cannabis for medical purposes industry and there will likely be increased and/or changing regulations as the industry becomes more mainstream with more participants.

Our proposed cannabis production operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis for medical purposes but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. While, to the knowledge of management, we are currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond our control may cause adverse effects to our operations.

There are sales risks associated with the cannabis and cannabis for medical purposes industries because cannabis is subject to regulation under the Cannabis Act.

The Cannabis Act provides for prohibitions regarding the promotion of cannabis products. Subject to a few exceptions, all promotion of cannabis products is prohibited unless authorized by the Cannabis Act. The prohibitions apply to anyone who may be involved in promotion cannabis accessories and services related to cannabis, including: (1) persons who produce, sell or distribute cannabis; (2) persons who sell or distribute cannabis accessories; (3) persons who provide cannabis-related services; or (4) media organizations. Limited promotion of cannabis, cannabis accessories and cannabis-related services is permitted under the Cannabis Act in specific circumstances including (1) informational promotion or brand-preference promotion; (2) point of sale; and (3) brand elements on things that are not cannabis or a cannabis accessory subject to the restrictions as described in greater detail in the section “Legal Developments – Advertising”. If we are unable to properly conduct sales in a regulated environment or target the appropriate audiences for our cannabis for medical purposes, our results of operations and business prospects could be substantially impaired.

We may not be able to use the facilities as planned and will, therefore, not be able to commence operations on the timetable or the scale that we have planned.

To date, our proposed cannabis production activities and resources have been primarily focused on our facility in Lumby, BC and we will continue to be focused on this facility for the foreseeable future. Adverse changes or developments affecting the facility, including but not limited to a breach of security, could have a material and adverse effect on our business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on our ability to continue to operate under any license we may receive.

We may not acquire market share or achieve profits due to competition in the medical cannabis for medical purposes industry.

We will face intense competition from other companies, some of which can be expected to have longer operating histories, more financial resources, and greater manufacturing and marketing experience than us. Increased competition by larger and better-financed competitors could materially and adversely affect our business, financial condition, and results of operations.

Because of the early stage of the industry in which we plan to operate, we expect to face additional competition from new entrants. If the number of users of cannabis for medical purposes in Canada increases, the demand for products will increase, and we expect that competition will become more intense as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, we will require a continued high level of investment in research and development, marketing, sales, and client support. We may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect our proposed cannabis production business, financial condition and results of operations.

Dividends and Distributions

We have not declared or paid any cash dividends and do not intend to pay cash dividends in the near future on our common shares.

Description of Capital Structure

Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares without par value. Each holder of a common share is entitled to receive notice of any meeting of the shareholders of the Company, to attend such a meeting, and to vote at the meeting. Each common share entitles the holder to one vote per share on matters to be voted on by shareholders. Holders of our common shares have no pre-emptive, exchange, conversion, redemption or retractions rights. Subject to the *Business Corporations Act* (British Columbia), the board of directors of the Company may from time to time declare and authorize the payment of such dividends as they deem advisable. In the event of a voluntary or involuntary liquidation, dissolution, distribution of assets, or winding up of the company, the holders of common shares are entitled to share equally with all other holders of common shares (on a per share basis) and all assets of the Company of whatever kind available for distribution to the holders of common shares.

Constraints

There are no constraints imposed on the ownership of securities of the Company to ensure that the Company has a required level of Canadian ownership.

Ratings

We have not requested or received a credit rating, and to the best of our knowledge, the Company has not received any other kind of rating, including a stability rating or a provisional rating, from any credit rating organizations for securities of the Company that are outstanding.

Market for Securities

Trading Price and Volume

The common shares of the Company are listed on the Canadian Securities Exchange under the symbol “MJ”, on the OTCQX under the symbol “TRLFF” and on the Frankfurt Stock Exchange under the symbol “TLA”. The following table sets forth trading information for the common shares on the Canadian Securities Exchange for the most recently completed financial year:

Month	High	Low	Volume
March 2018	1.07	0.70	4,144,152
April 2018	0.82	0.56	4,022,763
May 2018	0.62	0.47	4,516,557
June 2018	0.68	0.47	4,991,547
July 2018	0.59	0.445	1,688,175
August 2018	0.59	0.455	2,930,452
September 2018	0.74	0.51	5,040,431
October 2018	0.71	0.41	4,030,108
November 2018	0.55	0.395	2,343,818
December 2018	0.48	0.325	1,684,186
January 2019	0.495	0.405	1,554,295
February 2019	0.445	0.375	1,707,343
March 2019	0.64	0.405	5,995,055

Prior Sales

The following table sets forth certain information regarding the securities issued by the Company during the most recently completed financial year:

Date of Issuance	Type of Security	Number of Securities	Price per Security	Aggregate Proceeds	Nature of Issuance
July 31, 2018	Stock Options	900,000	\$0.50	Not Applicable	900,000 stock options granted to various employees, consultants, officers, and a director. The stock options are exercisable at \$0.50 per common share for a period of 5 years from the date of grant subject to the terms and conditions of the Issuer's stock option plan.
September 10, 2018	Stock Options	1,050,000	\$0.56	Not Applicable	1,050,000 stock options granted to consultants and officers. The stock options are exercisable at \$0.56 per common share for a period of 5 years from the date of grant subject to the terms and conditions of the Issuer's stock option plan.
October 17, 2018	Common Shares	100,000	\$0.60	\$60,000 ⁽¹⁾	100,000 common shares were issued at a deemed price of \$0.60 per common share pursuant to the terms of an employment agreement

Date of Issuance	Type of Security	Number of Securities	Price per Security	Aggregate Proceeds	Nature of Issuance
December 12, 2018	Common Shares	857,145	\$0.185	\$158,571.85	857,145 common shares issued pursuant to option exercises
February 21, 2019	Convertible Note	1	\$0.40	\$4,500,000	Issued pursuant to the Convertible Security Funding Agreement. The face value of the convertible note may be converted into common shares at a conversion price of \$0.40 as set out in the Convertible Security Funding Agreement.
February 21, 2019	Warrants	5,625,000	\$0.5089	Not Applicable	Warrants granted in conjunction with the Convertible Security Funding Agreement. Each warrant may be exercised into one common share at an exercise price of \$0.5089 for a period of 36 months from the date of issuance, subject to acceleration in accordance with the terms of the warrant.
March 6, 2019	Stock Options	1,675,000	\$0.56	Not Applicable	1,675,000 incentive stock options granted to various consultants, employees, and directors at an exercise price of \$0.56 per common share for a maximum period of 5 years (or earlier in accordance with the Issuer's stock option plan)

Date of Issuance	Type of Security	Number of Securities	Price per Security	Aggregate Proceeds	Nature of Issuance
March 7, 2019	Common Shares	400,000	\$0.355	\$142,000	400,000 common shares issued pursuant to warrant exercises
March 12, 2019	Common Shares	90,000	\$0.355	\$31,950	90,000 common shares issued pursuant to warrant exercises
March 15 2019	Common Shares	380,000	\$0.355	\$134,900	380,000 common shares issued pursuant to warrant exercises
March 21, 2019	Common Shares	750,000	\$0.61	Not Applicable	750,000 incentive stock options granted to an employee at an exercise price of \$0.61 per common share for a maximum period of 5 years (or earlier in accordance with the Issuer's stock option plan)
March 25, 2019	Common Shares	171,667	\$0.355	\$60,941.79	171,667 common shares issued pursuant to warrant exercises
March 27, 2019	Common Shares	500,000	\$0.55	\$275,000 ⁽²⁾	500,000 common shares were issued at a deemed price of \$0.55 per common share pursuant to the terms of employment agreements
March 29, 2019	Common Shares	26,650	\$0.355	\$9,460.75	26,650 common shares issued pursuant to warrant exercises

⁽¹⁾ Shares issued at a deemed price of \$0.60 per share for an aggregate deemed total of \$60,000.

⁽²⁾ Shares issued at a deemed price of \$0.55 per share for an aggregate deemed total of \$275,000.

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer


The following table sets forth the number of securities of each class of the Company that, to our knowledge, are held in escrow or are otherwise subject to a contractual restriction on transfer as well as the percentage that number represents of the outstanding securities of that class for our most recently completed financial year:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	600,000	0.61

Directors and Officers

Name, Occupation and Security Holding

The following table sets out, for each of our directors and executive officers as of the date of this AIF, the person's name, province or state, and country of residence, their positions and offices with us, their principal occupation, and the period during which each has served as a director:

Name, Province, Country of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years	Director Since
 <p>Darcy Bomford Vernon, BC, Canada <i>President, CEO and Director</i></p>	<p>Mr. Bomford is the founder and President of True Leaf Medicine Inc., the Company's wholly owned subsidiary since June 9, 2014. Prior to this, Mr. Bomford was the founder, President, Chief Executive Officer and director of Darford International Inc., a manufacturer and marketer of branded and private pet food products with three federally inspected production plants in the United States and Canada, whose common shares formerly traded on the TSX Venture Exchange under the symbol "WUF". Mr. Bomford has extensive expertise with professional manufacturing systems, including comprehensive third party audited food safety systems, product development, marketing and sales within a highly regulated and competitive industry.</p>	<p>June 9, 2014</p>



Kevin Bottomley ⁽¹⁾
Vancouver, BC, Canada
Director

Mr. Bottomley has spent the last nine years working on corporate communications with three publicly traded companies, Zimtu Capital Corp., King's Bay Resource Corp., and Commerce Resources Corp. He has been involved with successful capital raises in excess of \$70 million.

June 9, 2014



Michael Harcourt ⁽¹⁾
Vancouver, BC, Canada
Chairman and Director

Mr. Harcourt is the former Premier of British Columbia and former Mayor of Vancouver. He serves as Honorary Chair of the International Centre for Sustainable Cities and is Co-Chair of the International Panel of Advisers. Mr. Harcourt also serves as an advisor to Translink BC, and is an Associate Director at the Centre for Sustainability, Continuing Studies at UBC. He is the honorary co-chair at the University of British Columbia's Advisory Council on Sustainability, as well is on the Canadian Electricity Association's Sustainable Electricity Program Advisory Panel.

June 9, 2014

Notably, Mr. Harcourt was awarded: (1) the Woodrow Wilson Award for Public Service in 2005; (2) the Alumni Achievement Award for Distinction for contributions to BC, Canada and the world from the University of British Columbia in 2008; and (3) he was named an Officer of the Order of Canada in 2012. Most recently, Mr. Harcourt received the Freedom of the City Award from the City of Vancouver in February 2017.



Sylvain Toutant ⁽¹⁾
Montreal, QC, Canada
Director

Mr. Toutant has more than 17 years of experience as an executive in the beverage and consumer packaged goods industries and is a recognized specialist in retailing. He most recently served as the Chief Executive Officer and President of DAVIDsTEA, Canada's largest specialty tea boutique, from May 2014 to January 2017 where he was responsible for the company's growth in Canada, the United States, and around the world. He also led the company's successful IPO on the NASDAQ exchange.

July 10, 2018

Since leaving DAVIDsTEA, Mr. Toutant has served as a director on various boards he continues to serve today including: GelPac, Les Chocolat

Favoris Inc., Angelcare, and YUZU Sushi among others.

Previously he served as President of Keurig Canada from 2008 to 2014, where he accelerated growth through a strategic alliance with Keurig Green Mountain in the United States. He also headed Keurig's operations in the United Kingdom.



Jodi Watson
San Diego, CA, USA
Director and Vice-Chair

Jodi Watson is a highly accomplished Senior Executive with more than 20 years of progressive experience in global retail, wholesale, omnichannel and direct-to-consumer. She is a valuable asset for retail, wholesale, digital or eCommerce companies seeking expertise in her area of core skills: growth hacking, business unit (P&L) leadership, marketing, eCommerce, talent development, customer service, organizational restructuring and digital transformation. January 7, 2019

Throughout her career, Jodi has held global leadership roles with companies such as Petco, Wolverine Worldwide, Williams-Sonoma and Eddie Bauer. She currently works on two boards and as an independent consultant working with private equity, start-ups and publicly traded companies.



Kerry Biggs
Anmore, BC, Canada
CFO

Mr. Biggs has more than 20 years of finance and business experience, most recently with lululemon athletica (June 2016 to September 2018) where he was Vice President, Treasurer looking after capital markets, liquidity, treasury, insurance and risk activities for the NASDAQ-listed company. Officer Only

Previously, he served as Vice President, Finance at Global Container Terminals (March 2008 to May 2016) where he was responsible for capital markets, risk management, accounting, tax planning, and corporate M&A activities.

He also worked in senior finance roles for Finning International and Enbridge, both large publicly traded companies.

(1) Member of the Audit Committee.

Shareholdings of Directors and Executive Officers

As at the date of this AIF, collectively, the directors and officers of the Company own, directly or indirectly, 27,069,919 common shares, representing 27.31% of the Company's issued and outstanding common shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Darcy Bomford, the President, CEO and a director of the Company, was the CEO and a director of Darford International Inc. (“**Darford**”), a corporation that was the subject of a cease trade order issued by the British Columbia Securities Commission on December 6, 2012 for failure to file its interim financial statements and management’s discussion and analysis for the period ended September 30, 2012. Mr. Bomford resigned from his position as the CEO of Darford on October 12, 2012.

Darford was also the subject of a cease trade order issued by the Alberta Securities Commission on April 14, 2014 for failure to file its annual financial statements and management’s discussion and analysis for the year ended March 31, 2013, and interim financial statements and management’s discussion and analysis for the periods ended September 30, 2012, December 31, 2012, June 30, 2013, September 30, 2013 and December 31, 2013.

Other than as described above, to our knowledge no director or executive officer of the Company is as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order 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 an order 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

On October 22, 2012, The Bowra Group Inc. was appointed as receiver and manager of all assets, undertakings and properties of Darford and its wholly-owned subsidiaries Darford USA Inc., Darford Industries Ltd., and Darford USA Holding Co. Darcy Bomford, the President, CEO and a director of the Company, was the CEO and a director of Darford but resigned from his position as the CEO of Darford on October 12, 2012. Following its appointment, the receiver initiated a sale process to sell Darford’s assets on a going-concern basis.

Other than as described above, to our knowledge no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is, or has been within 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

No director or executive officer of the Company has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Securities Related Penalties and Sanctions

To our knowledge, no director, executive officer or a shareholder holding a sufficient number of common shares of the Company to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities authority, or 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.

Trademark Packaging

Trademark Packaging (“TP”) is a packaging vendor of the Company whose sole shareholder is Mr. Darcy Bomford. This material conflict has been disclosed to the Company’s Board of Directors. The Board has decided to allow TP to bid on future packaging proposals on commercially competitive terms with other arms length vendors. Mr. Bomford will abstain from voting on any proposed approval of bids by TP in the future.

Conflicts of Interest

Other than as disclosed herein, to our knowledge, there are no existing or potential material conflicts of interest among us and any of our directors or executive officers.

Legal Proceedings and Regulatory Actions

Legal Proceedings

To our knowledge, there are no legal proceedings that we are or were a party to, or that any of our property is or was the subject of, during the financial year ended March 31, 2019, that involve a claim for damages in excess of 10% of our current assets, nor are we aware of any such legal proceedings being contemplated.

Regulatory Actions

To our knowledge, there have been no penalties or sanctions imposed against us by a court relating to securities legislation or by a securities regulatory authority during the financial year, any other penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision, or any settlement agreements we entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year.

Interest of Management and Others in Material Transactions

Except as otherwise disclosed in this AIF, to our knowledge, no directors or executive officers of the Company, no person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding common shares, and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year of the Company that has materially affected or is reasonably expected to materially affect the Company.

Transfer Agents and Registrars

The transfer agent and registrar for the Company's common shares is Computershare Investor Services Inc. at its principal transfer offices in Vancouver, British Columbia.

Material Contracts

To our knowledge, there are no contracts entered into by us, other than in the ordinary course of business and not required by applicable securities law to be filed with a securities regulatory authority in Canada, that are material to us and that were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect.

Interests of Experts

Deloitte LLP is the auditor of the Company and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Additional Information

Additional information relating to us may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in our information circular for our most recent annual meeting of holders of our common shares that involves the election of directors. Additional financial information is provided in our audited consolidated financial statements and management's discussion and analysis for our most recently completed financial year.