

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, except Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions.

The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act) unless exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the securities offered hereby within the United States or to, or for the benefit of, U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of The Green Organic Dutchman Holdings Ltd., at 6205 Airport Rd., Building A – Suite 200, Mississauga, Ontario, L4V 1E3, Telephone: 1-905-304-4201 and are also available electronically at www.secdar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

May 26, 2020



MAKING *Life* BETTER

THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.

\$15,000,000
37,500,000 Units

Price: \$0.40 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution of 37,500,000 Units (the "**Units**") of The Green Organic Dutchman Holdings Ltd. (the "**Company**") to be issued from treasury (the "**Offering**") at a price of \$0.40 per Unit (the "**Offering Price**"). Each Unit will consist of one common share (a "**Unit Share**") in the capital of the Company and one common share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Company (each, a "**Warrant Share**") at an exercise price of \$0.50 per Warrant, until 4:00 p.m. (Eastern time) on the date that is 48 months from the Closing Date (as defined herein), subject to the terms of a warrant indenture (the "**Warrant Indenture**") to be dated as of the Closing Date between the Company and Computershare Trust Company of Canada (the "**Warrant Agent**"), as warrant agent.

The Offering is being made pursuant to an underwriting agreement dated May 26, 2020 (the "**Underwriting Agreement**") between the Company and Canaccord Genuity Corp. (the "**Underwriter**"). The Offering Price and other terms of the Offering were determined by arm's length negotiation between the Company and the Underwriter.

The Company's common shares (the "**Common Shares**") are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "TGOD" and on the OTCQX under the trading symbol "TGODF".

The Company's warrants under the indenture dated November 1, 2017 are listed and posted for trading on the TSX under the symbol "TGOD.WT" (the "**2017 Warrants**") and warrants under the indenture dated December 19, 2019 are listed and posted for trading under the symbol "TGOD.WS" (the "**2019 Warrants**").

On May 20, 2020, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$0.46 and on the OTCQX was US\$0.334. On May 26, 2020, the last trading day prior to the filing of this Prospectus, the closing price of the Common Shares on the TSX was \$0.54 and on the OTCQX was US\$0.40.

	Price to the Public	Underwriter's Fee ⁽¹⁾	Net Proceeds to the Company ⁽²⁾⁽³⁾
Per Unit.....	\$0.40	\$0.024	\$0.376
Total.....	\$15,000,000	\$900,000	\$14,100,000

Notes:

- (1) Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a fee equal to 6.0% of the gross proceeds of the Offering (the "**Underwriter's Fee**") which includes proceeds from the exercise of the Over-Allotment Option (as defined herein), if any. See "Plan of Distribution". In addition, the Company will grant to the Underwriter non-transferable broker warrants (the "**Broker Warrants**") to purchase up to that number of Common Shares that is equal to 6.0% of the aggregate number of Units sold, including the Additional Units (the "**Broker Warrant Shares**"). Each Broker Warrant will entitle the holder to acquire one Broker Warrant Share at a price of \$0.50 per Broker Warrant Share at any time prior to 4:00 p.m. (Eastern time) on the date that is 48 months after the Closing Date. This Prospectus also qualifies the distribution of Broker Warrants.
- (2) The Underwriter has been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriter, at any time not later than the 30th day after the Closing Date to purchase from the Company up to an additional 5,625,000 Units of the Company (the "**Additional Units**") and/or up to 5,625,000 additional Warrants ("**Additional Warrants**"), to cover the Underwriter's over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). The Over-Allotment Option may be exercised by the Underwriter: (i) to acquire Additional Units at the Offering Price; or (ii) to acquire Additional Warrants at a price of \$0.07 per Additional Warrant; or (iii) to acquire any combination of Additional Units and Additional Warrants, so long as the aggregate number of Additional Warrants which may be issued under the Over-Allotment Option does not exceed 5,625,000 Additional Warrants. If the Over-Allotment Option is exercised in full for Additional Units, the total "Price to the Public", "Underwriter's Fee" and "Net Proceeds to the Company" will be \$17,250,000, \$1,035,000 and \$16,215,000, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units and Additional Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriter's over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".
- (3) After deducting the Underwriter's Fee, but before deducting the expenses of the Offering, estimated to be \$180,000 (not including the Underwriter's Fee), which will be paid out of the gross proceeds of the Offering.

The following table sets out the securities issuable under the Over-Allotment Option and the Broker Warrants:

Underwriter's Position	Maximum size or number of securities available for Offering ⁽¹⁾	Exercise period	Exercise price
Over-Allotment Option	5,625,000 Units	Not later than the 30 th day after the Closing Date	\$0.40 per Additional Unit
Broker Warrants	Up to 2,587,500 Broker Warrants	Exercisable for a period of 48 months following the Closing Date	\$0.50 per Broker Warrant

Note:

(1) Assuming exercise of the Over-Allotment Option in full.

Unless the context otherwise requires, when used herein, all references to “Offering”, “Units”, “Unit Shares” and “Warrants” include the Additional Units, Additional Unit Shares and Additional Warrants issuable upon exercise of the Over-Allotment Option.

Certain legal matters in connection with the Offering are being reviewed on behalf of the Company by Torys LLP and on behalf of the Underwriter by Miller Thomson LLP.

An investment in the securities of the Company is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Risk Factors” and “Cautionary Statement Regarding Forward Looking Information”. Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

The Underwriter proposes to offer the Units initially at the Offering Price. After the Underwriter has made a reasonable effort to sell all of the Units at such price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriter will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the proceeds paid by the Underwriter to the Company. See “Plan of Distribution”.

The Company has applied to the TSX for conditional approval of the listing of the Unit Shares, Warrants and Warrant Shares. The listings are subject to the Company fulfilling all of the listing requirements of the TSX. See “Plan of Distribution”.

Subject to applicable laws and in connection with the Offering, the Underwriter may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about June 9, 2020 or such later date as may be agreed upon by the Company and the Underwriter (the “**Closing Date**”); however, the Units are to be taken up by the Underwriter, if at all, on or before a date that is not later than 42 days after the date of the receipt for the final short form prospectus.

The Units will be available for delivery in the book-based system through CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS on the Closing Date in electronic form. Generally, a purchaser of Units will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant (a “**CDS Participant**”) through which the Units are purchased. For purchasers receiving Units through CDS’s book-based system, CDS will record the CDS Participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. Purchasers who are not issued certificates evidencing the Unit Shares and Warrants comprising the Units which are subscribed for by them at closing are entitled, under the *Canada Business Corporations Act* (the “**CBCA**”), to request that certificates be issued in their name. Such a request will need to be made through the CDS Participant through whom the beneficial interest in the securities is held at the time of the request.

Investors should rely only on the information contained or incorporated by reference in this Prospectus. The Company and the Underwriter have not authorized anyone to provide investors with information different from that contained or incorporated by reference in this Prospectus. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.

Investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Unit Shares and the Warrants, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Unit Shares and the Warrants.

Unless otherwise indicated, all references to dollar amounts in this Prospectus are to Canadian dollars.

The Company's registered and head office is located at 6205 Airport Rd., Building A – Suite 200, Mississauga, Ontario, L4V 1E3.

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DEFINITIONS

All capitalized terms not defined herein have the meanings ascribed to them in the Annual Information Form (as defined herein).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking statements that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the use of the net proceeds of this Offering and the use of the available funds following completion of this Offering;
- revenues generated from sales of the Company's product lines in the coming 12 months;
- the timing and receipt of proceeds of the second accordion payment under the senior credit facility and the bulge payment under the revolving credit facility;
- the extension of the term of the revolving credit facility;
- the ramp up of commercial operations at the Hamilton Facility;
- the Company's ability to successfully withstand the economic impact of COVID-19, including in relation to staffing of the Hamilton Facility;
- the Company's expectations regarding its revenue, expenses and research and development operations;
- the Company's expectations of becoming cash flow positive;
- expectations in connection with the production and expansion plans at the Company's facilities and the capacity thereof;
- expectations regarding the timing of construction, development and production of the Company's expansion projects for both existing facility expansion and new *Cannabis Act* (Canada) applications;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow the business and its operations;
- expectations with respect to the success of its research and development on cannabis;
- expectations with respect to future production costs and capacity;
- expectations with respect to the Company's ability to export cannabis from Denmark;
- expectations with respect to expansion plans for HemPoland;

- expectations with respect to the Company's Mexican joint venture partner obtaining all necessary licences and permits to operate in Mexico;
- expectations with respect to the Mexican government issuing formal regulations for medicinal cannabis;
- expectations regarding development of an international export business and any receipt of EU-GMP certification;
- treatment under government regulatory and taxation regimes;
- the Company's continued ability to participate in the adult-use market in Canada;
- the Company's ability to successfully implement cost reduction initiatives while expanding its product portfolio;
- the legalization of cannabis for adult-use and/or medical use in jurisdictions outside of Canada and the Company's ability to participate in any such markets, if and when such use is legalized;
- the effect of government regulations (or changes thereto) with respect to the restrictions on production, sale (including the roll-out of authorized retailers in provinces such as Ontario and recent amendments to the regulation of distribution of cannabis in Ontario), consumption, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use and receipt of necessary permits;
- expectations regarding the Company's growth rates and growth plans and strategies;
- expectations with respect to the approval of the Company's licences and amendments to such licences;
- expectations with respect to the future growth of the Company's medical cannabis products;
- the medical benefits, safety, efficacy, dosing and social acceptance of cannabis;
- future product offerings;
- the Company's investments in community relations, cannabis health and safety and educational programming in the locations where the Company operates and the further development of its social responsibility programs;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's expected business objectives for the next 12 months;
- the Company's plans with respect to the payment of dividends;
- beliefs and intentions regarding the ownership of material trademarks and domain names used in connection with the design, production, marketing, distribution and sale of the Company's products; and
- the Company's ability to obtain additional funds through the sale of equity or debt commitments.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements

included in this Prospectus, the Company has made various material assumptions, including but not limited to: (i) obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions, including the ongoing impact of COVID-19; (iv) the Company's ability to successfully execute its plans and intentions, including with respect to the ramp up of commercial operations and the achievement of expected revenues; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) that the Company's current good relationships with its suppliers, service providers and other third parties will be maintained; and (x) in relation to the Company's expectations regarding revenues over the coming 12 months and the Company becoming cash flow positive later in 2020, assumptions relating to production capacity, growth in the number of product offerings and store locations in which the Company's products are sold, growth in total sales, consumer demand for the Company's products, market pricing of cannabis products, cost of sales, sales and marketing expenses, the pace of opening of and increase in the total number of recreational cannabis retail stores across Canada, and the total size of the Canadian recreational and medical cannabis markets over that time period. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors".

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment.

ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to the Company, and Miller Thomson LLP, counsel to the Underwriter, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "Tax Act") as of the date hereof, the Unit Shares, Warrants and the Warrant Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), deferred profit sharing plan, registered education savings plan ("RESP"), registered disability savings plan ("RDSP") and tax-free savings account ("TFSA") (collectively, "Deferred Plans") provided that (i) in the case of the Unit Shares and the Warrant Shares, the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX), and (ii) in the case of the Warrants: (a) the Warrants are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX); or the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSX) and neither the Company, nor any person with whom the Company does not deal at arm's length, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of the particular Deferred Plan.

Notwithstanding that the Unit Shares, Warrants and Warrant Shares may be a "qualified investment" for a Deferred Plan, the annuitant under an RRSP or RRIF, the holder of a TFSA or RDSP, or the subscriber of an RESP

will be subject to a penalty tax if such Unit Shares, Warrants and Warrant Shares are a “prohibited investment” (as defined in the Tax Act) for the RRSP, RRIF, RESP, RDSP or TFSA. The Unit Shares, Warrants and Warrant Shares will generally not be a “prohibited investment” for a particular RRSP, RRIF, RESP, RDSP or TFSA provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Unit Shares and Warrant Shares will not be a prohibited investment if such securities are “excluded property” (as defined in the Tax Act for purposes of these rules) for the particular TFSA, RRSP, RESP, RDSP or RRIF.

Persons who intend to hold Unit Shares, Warrants and Warrant Shares in a trust governed by a Deferred Plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in each of the Provinces of Canada are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company for the financial year ended December 31, 2019 dated March 16, 2020 (the “**Annual Information Form**”);
- the audited consolidated financial statements of the Company, and the notes thereto, for the years ended December 31, 2019 and December 31, 2018;
- the management discussion and analysis of financial condition and results of operations for the years ended December 31, 2019 and December 31, 2018;
- the unaudited consolidated financial statements of the Company, and the notes thereto, for the three months ended March 31, 2020 and March 31, 2019;
- the management discussion and analysis of financial condition and results of operations for the three months ended March 31, 2020 and March 31, 2019;
- the management information circular of the Company dated May 9, 2019 distributed in connection with the Company’s annual meeting of shareholders held on June 11, 2019;
- the material change report dated January 17, 2020 regarding the consolidation of the Company’s executive leadership team;
- the material change report dated March 31, 2020 regarding consolidation of cultivation at the Hamilton Facility (as defined below) and the Company’s offering of units by short form prospectus dated April 22, 2020;
- the material change report dated April 1, 2020 regarding the revolving credit facility and the accelerated advance of the accordion under the senior secured credit facility; and
- the material change report dated May 26, 2020 regarding the Offering.

Material change reports (other than confidential reports), business acquisition reports, annual financial statements, interim financial statements, the associated management’s discussion and analysis of financial condition and results of operations and all other documents of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this

Prospectus and before completion of the distribution of the Units, will be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

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

Copies of the documents incorporated herein by reference may also be obtained on request without charge from the Corporate Secretary of The Green Organic Dutchman Holdings Ltd., 6205 Airport Rd, Building A – Suite 200, Mississauga, Ontario, L4V 1E3, Telephone: 1-905-304-4201.

THE COMPANY

The Company was incorporated under the *Canada Business Corporations Act* on November 16, 2016. The Company's registered and head office is located at 6205 Airport Rd., Building A – Suite 200, Mississauga, Ontario L4V 1E3. The Company completed its initial public offering on May 2, 2018. The Company's Common Shares trade on the TSX under the symbol "TGOD" and on the OTCQX under the symbol "TGODF".

The Company's wholly-owned subsidiaries, The Green Organic Dutchman Ltd. and Medican Organic Inc. are licensed producers under the *Cannabis Act* (Canada) and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and, with respect to The Green Organic Dutchman Ltd. only, to process and sell such cannabis products within Canada to provincially authorized retailers or distributors and federal licensed entities. The Company has built a cultivation and processing facility in Hamilton, Ontario (the "**Hamilton Facility**") and has partially constructed another facility located in Valleyfield, Québec (the "**Quebec Facility**").

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing an international growth strategy, including through a hemp cultivation and extraction business based in Poland. The Company has also formed a strategic partnership for the distribution of cannabis and hemp-derived medical products in Mexico and joint ventures in Denmark for producing organic medical cannabis and developing cannabis genetics.

Further information regarding the Company and its business is set out in the Annual Information Form, which is incorporated herein by reference.

Recent Developments

There have been no material developments in the business of the Company since March 16, 2020, the date of the 2019 annual information form of the Company, which have not been disclosed in this Prospectus or the documents incorporated by reference herein.

Deferred and Revised Payables

Since the Company's April 22, 2020 prospectus regarding an offering of units, the Company has continued to work with its creditors and vendors and has obtained significant deferrals and revised payment plans relating to,

among other things, outstanding indebtedness related to construction and equipment at its Hamilton Facility and Quebec Facility. See “*Use of Proceeds – Business Objectives and Milestones*”.

Entry into Quebec Market

On May 26, 2020, the Company announced that it has launched key products Highly Dutch, a mainstream brand of certified organic cannabis at an accessible pricing, as well as cannabis-infused teas, in the province of Quebec. Highly Dutch will first be available in Quebec in a 28-gram format.

Supply Agreement with Medical Cannabis by Shoppers

On May 19, 2020, the Company announced that it had entered into a supply agreement with Medical Cannabis by Shoppers, a division of Shoppers Drug Mart. Under the agreement, the Company will supply a broad portfolio of its organic cannabis products to Shoppers Drug Mart’s online medical cannabis sales platform, including infusers, cannabis-infused teas, and vapes. The agreement is for a three-year term with a renewal clause for an additional two years.

COVID-19

The Company continues to monitor and adapt to changing market conditions including but not limited to the ongoing impact of the COVID-19 pandemic. See “*Risk Factors – Ongoing Impact of COVID-19*”. The Hamilton Facility has implemented precautionary measures to ensure the safety of the staff and product, including limiting visits to the site to essential personnel only, ensuring proper protocols around sanitation, mask usage and physical distancing and ensuring potentially exposed employees remain in self-quarantine for the appropriate period. However, cultivation is continuing and ongoing and additional licensed space available in the processing centre allows for better physical distancing among our cultivation and processing employees. The Company has applied for wage subsidies from the Canadian federal government under the Canada Emergency Wage Subsidy and received one payment to date, with a second payment expected imminently.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company for the three months ended March 31, 2020, adjusted to give effect to the Offering and exercise of the Over-Allotment Option. This table should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2020 and March 31, 2019 and the related notes and management’s discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus.

	As at March 31, 2020 before giving effect to the Offering⁽¹⁾	As at March 31, 2020 after giving effect to and the Offering⁽¹⁾	As at March 31, 2020 after giving effect to the Offering, assuming exercise of the Over-Allotment Option in full⁽¹⁾
Loans – current portion	\$549,000	\$549,000	\$549,000
Loans – long-term portion	\$22,915,000	\$22,915,000	\$22,915,000
Total Liabilities	\$69,101,000	\$69,101,000	\$69,101,000
Share Capital (Common Shares - Authorized: unlimited)	\$429,505,000 313,608,518 common shares	\$438,892,678 351,108,518 common shares	\$40,300,830 356,733,518 common shares
Warrants	91,855,128	131,605,128	137,567,628
Stock Options	18,171,400	18,171,400	18,171,400
Restricted Share Units	2,562,174	2,562,174	2,562,174

	As at March 31, 2020 before giving effect to the Offering ⁽¹⁾	As at March 31, 2020 after giving effect to and the Offering ⁽¹⁾	As at March 31, 2020 after giving effect to the Offering, assuming exercise of the Over-Allotment Option in full ⁽¹⁾
Escrowed Share Units	1,968,323	1,968,323	1,968,323
Contingent Share Units	3,047,723	3,047,723	3,047,723
Convertible Share Units	74,074	74,074	74,074
Deficit	(327,169,000)	(327,169,000)	(327,169,000)
Contributed Surplus ⁽²⁾	99,430,000	104,142,322	104,849,170
Reserves for foreign currency translations	105,000	105,000	105,000
Non-Controlling Interest	(840,000)	(840,000)	(840,000)
Total Shareholders' Equity	201,031,000	215,131,000	217,246,000

Notes:

- (1) Does not give effect to the Company's bought deal offering of units consisting of common shares and warrants pursuant to the Company's short form prospectus dated April 22, 2020.
- (2) Consists of reserves for warrants, special warrants, broker warrants, share-based payments and shares to be issued, contributed surplus. See note 13 to the Company's unaudited interim financial statements as at and for the three months ended March 31, 2020.

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since March 31, 2020 except the following (which are not reflected in the capitalization presentation in the foregoing table):

- (a) on April 14, 2020, the Company issued 6,025,042 common shares to a contractor;
- (b) on April 22, 2020, the Company received an advance of \$10 million on its revolving credit facility and issued to the lender 3,000,000 warrants with an exercise price of \$0.39;
- (c) on April 27, 2020, the Company issued 20,536,700 common shares and 10,268,350 warrants with an exercise price of \$0.38 per share pursuant to a bought deal prospectus dated April 22, 2020;
- (d) on April 27, 2020, the Company received a \$5 million dollar advance on the accordion under its senior secured credit facility and issued to the lender 1,500,000 warrants with an exercise price of \$0.39 per share;
- (e) on April 29, 2020, the Company issued 833,333 common shares to a former employee;
- (f) on May 2, 2020, 15,092,063 warrants of the Company exercisable at \$7.00 per share expired unexercised;
- (g) in connection with a proposed amendment to the revolving credit facility, the Company proposes to issue 500,000 common share purchase warrants to the lender. The exercise price per share will be determined in the context of the market price of the Company's common shares at the date of the amendment.

USE OF PROCEEDS

Use of Proceeds

The estimated net proceeds of the Offering to be received by the Company, after deducting the Underwriter's Fee of \$900,000 and estimated expenses of the Offering of \$180,000 but before the exercise of the Over-Allotment Option, will be \$13,920,000. The Company intends to use the net proceeds from this Offering to fund its operations, including the repayment of indebtedness incurred in the construction of the Hamilton Facility and Quebec Facility and other payables and working capital. If the Over-Allotment Option is exercised, the Company will use the additional proceeds as working capital. See "*Use of Proceeds – Business Objectives and Milestones*".

Although the Company intends to use the proceeds from the Offering as described above, the actual allocation of the net proceeds may vary depending on future developments or unforeseen events.

The proceeds of the Offering will be used in conjunction with Canadian cash on hand at April 30, 2020 of \$13.5 million, funds to be advanced to the Company on or about July 1, 2020 from a "bulge" payment for gross proceeds of \$3 million under the Company's revolving credit facility, further additional amounts up to \$17 million under the revolving credit facility as they become available, and revenues generated from operations.

The lender under the revolving credit facility has indicated to the Company that it agrees to amend the revolving credit facility to (i) provide that the bulge payment of \$3 million will be available under the revolving credit facility on July 1, 2020 provided that the Offering closes on or before that date; and (ii) extend the term of the revolving credit facility an additional six months to October 2021, subject to the Company issuing to such lender 500,000 common share purchase warrants. The exercise price per share will be determined in the context of the market price of the Company's common shares as of the date of the amendment. The lender under the revolving credit facility has informed the Company that it has received credit committee approval for such amendment. Further gross proceeds of up to an additional \$17 million under the revolving credit facility will become available to the Company as the Company builds a collateral base consisting of eligible accounts receivable. Therefore, additional funds under the revolving credit facility will only be accessible if the Company achieves increased production and sales. See "*Risk Factors – Revolving Credit Facility*".

FTI Capital Advisors – Canada ULC ("**FTICA**") was engaged by the Company on February 24, 2020 as its financial advisor in connection with the Company's efforts to source and raise debt capital. In connection with its mandate as financial advisor to the Company, FTICA has assisted the Company with the revolving credit facility. In connection with this mandate FTICA will receive a fee equal to 2.0% on advances under the revolving credit facility.

Business Objectives and Milestones

The Company is completing its development stage activities and is at the inception of active operations. As such, the focus of the Company's activity is the ramp up of commercial operations and the production and sale of its organic cannabis products. The Company has developed and launched key products and in June its full range of key product lines will have been launched. The Company has also built its distribution network through contracts with a number of provincial cannabis distribution boards and, most recently, with respect to the Company's medical cannabis products, a private national distributor of medical cannabis. Having developed its business to this stage, the Company is focused on actively growing sales and revenues. The Company has had minimal sales in Canada over the last year, consisting mainly of sales of premium flower and oil products, as it has been focused on the development of its infrastructure and key product lines. Recently, the Company completed development and launch of two key products – a mainstream-priced dried organic cannabis flower brand, called Highly Dutch, and a flavour of cannabis-infused tea, called Happy Hibiscus Mate. The Company has also developed and launched a line of infusers. In addition, the Company has completed development, external testing and production of two additional flavours of cannabis teas – called Restful Chamomile and Zen Green Sencha – which following additional processing and packaging will be ready for launch in June. The Company completed its first shipment of a mix of its products, including Highly Dutch and Happy Hibiscus Mate as well as its cannabis infusers, to Quebec's provincial distribution board on May 26, 2020. The Company continues to work to generate purchase orders and cultivate, process and ship its organic cannabis products across Canada. Over the coming 12 months, the Company intends to use the proceeds of the Offering together with other available funds to repay indebtedness related to construction and other payables, as well as continue production,

processing and distribution of its organic cannabis products; marketing of its new products through its distribution channels; evaluating market reception of its product and conduct additional development activities if required; and conduct marketing and retail and consumer outreach programs, all with a view to generating increased sales and revenues. However, there is a risk that sales and revenues will not be generated in the amounts or on the timeframes anticipated. See “*Risk Factors*”.

The Company expects that the net proceeds of the Offering, together with cash on hand, the bulge payment under the revolving credit facility, further additional amounts up to \$17 million under the revolving credit facility as they become available, and anticipated revenues are sufficient to fund operations for at least the next 12 months. The Company’s operations to date have generated negative cash flow. The Company expects to achieve positive Canadian operating cash flows later in 2020. The Company’s expectations regarding positive cash flows are based on assumptions which management believes to be reasonable. See “*Cautionary Statement Regarding Forward Looking Information*” and “*Risk Factors*”.

The Company’s cash position in Canada as at April 30, 2020 was \$13.5 million. The Company estimates that the Company’s Canadian working capital as at April 30, 2020 was a net liability of \$5.7 million mainly as a result of accounts payable for construction. This estimate excludes the impact of the Company’s foreign subsidiaries, including HemPoland, which have not provided estimates as of April 30, 2020. The Company expects that the impact of the foreign subsidiaries on its working capital would not be material. The construction payables that are the main component of the working capital deficit are expected to be settled over the period until October 2021 under negotiated terms with creditors. The Company has secured the cooperation of its construction creditors for deferrals and postponements. As of the date of this prospectus, the following summarizes the adjusted current payments schedule in relation to the Company’s Canadian construction payables, other payables and commitments in the following 12 months:

	May	June	July	August	September	October
New payment plan	\$1,695,907	\$1,602,824	\$1,824,702	\$1,860,452	\$2,182,952	\$3,069,355
Non-deferred vendors ⁽¹⁾	\$1,352,634	\$1,140,261	\$1,150,387	\$443,695	\$176,955	\$209,346
Construction Payables Total	\$3,048,542	\$2,743,085	\$2,975,089	\$2,304,147	\$2,359,907	\$3,278,701
SG&A payables	\$2,094,438	\$2,094,438	\$2,219,438	\$2,219,438	\$150,000	\$150,000
Lease payments	-	-	\$93,087	\$31,029	\$47,276	\$47,276
Interest and principal payments	\$512,634	\$498,393	\$599,947	\$578,900	\$619,314	\$660,166
TOTAL	\$5,655,614	\$5,335,916	\$5,887,560	\$5,133,515	\$3,176,497	\$4,136,144

	November	December	January	February	March	April	Total
New payment plan	\$1,444,329	\$1,490,952	\$707,791	\$706,835	\$725,982	\$604,923	\$17,917,003
Non-deferred vendors ⁽¹⁾	\$48,989	\$48,956	\$48,934	\$48,906	\$48,870	\$48,851	\$4,766,785
Construction Payables Total	\$1,493,318	\$1,539,908	\$756,725	\$755,741	\$774,852	\$653,773	\$22,683,788
SG&A payables	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$162,305	\$9,840,058
Lease payments	\$47,276	\$47,583	\$72,583	\$47,583	\$47,583	\$47,583	\$528,859
Interest and principal payments	\$634,324	\$854,133	\$852,318	\$767,502	\$827,051	\$827,748	\$8,232,430
TOTAL	\$2,324,918	\$2,591,624	\$1,831,627	\$1,720,826	\$1,799,486	\$1,691,409	\$41,285,135

Addressing the construction and other payables over the coming 12 months will require the additional proceeds of the revolving credit facility as well as the generation of positive operating cashflow; if such proceeds are

not received and/or if positive operating cashflow is not achieved, the Company will require additional sources of financing in order to settle the working capital deficit. See “*Risk Factors*”.

As of April 30, 2020, the Company’s estimated Canadian consolidated contractual liabilities and commitments over the next five years (excluding the Company’s foreign subsidiaries, including HemPoland) are set forth below:

In thousands	Total	Remaining 2020	2021	2022	2023	2024	Thereafter
	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	34,265	27,707	6,558	-	-	-	-
Loans ⁽¹⁾	53,491	4,005	49,486	-	-	-	-
Interest on revolver facility ⁽²⁾	2,935	953	1,982				
Commitments related to construction ⁽³⁾	1,508	1,264	244	-	-	-	-
Lease liabilities	7,792	314	596	597	611	612	5,062
Contingent consideration payable	319	-	-	319	-	-	-
Total contractual obligations	100,310	34,243	58,866	916	611	612	5,062

Notes:

- (1) Includes interest payable until maturity dates and assumes that the term of the revolving credit facility is amended to continue until October 2021. See “*Use of Proceeds*”.
- (2) Assumes that the Company generates eligible accounts receivable to build the collateral base and make additional borrowings under the revolving credit facility, in line with the Company’s sales expectations. See “*Cautionary Statement Regarding Forward-Looking Information*” and “*Risk Factors*”.
- (3) Includes commissioning costs for the Hamilton Facility and the Quebec Facility that are currently not recognized in accounts payable and accrued liabilities as the work has not yet been performed.

Use of Proceeds from Previous Financing

The Company has applied and is applying the approximately \$5.75 million of gross proceeds from its public offering of units by short form prospectus dated April 22, 2020 (the “**April Offering**”) substantially as disclosed in that prospectus. In the prospectus for the April Offering, the Company contemplated development and launch of its key product lines on the timeline and at the cost disclosed in that prospectus. The Company used and is using the net proceeds of the April Offering together with the initial proceeds under the revolving credit facility and the first accordion payment under the senior secured credit facility to achieve this development milestone as anticipated.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations under the Tax Act, generally applicable to a holder who acquires, as beneficial owner, Unit Shares and Warrants pursuant to the Offering, and Warrant Shares upon the exercise of the Warrants, and who, for the purposes of the Tax Act and at all relevant times, holds Unit Shares, Warrant Shares and Warrants as capital property and deals at arm’s length and is not affiliated with the Company, the Underwriters and any subsequent purchaser of such securities. A holder who meets all of the foregoing requirements is referred to as a “**Holder**” herein, and this summary only addresses such Holders. Generally, Unit Shares, Warrant Shares and Warrants will be considered to be capital property to a Holder, provided the Holder does not hold Unit Shares, Warrant Shares and Warrants in the course of

carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a holder (i) that is a “financial institution”, as defined in the Tax Act for the purposes of the mark-to-market rules in the Tax Act, (ii) that is a “specified financial institution”, as defined in the Tax Act, (iii) of an interest which is a “tax shelter investment” as defined in the Tax Act, (iv) that has elected to determine its Canadian tax results in a “functional currency” other than the Canadian dollar, (v) that has entered into or will enter into a “derivative forward agreement” or a “synthetic disposition arrangement” with respect to the Unit Shares, Warrants or Warrant Shares, or (vi) that receives dividends on Unit Shares or Warrant Shares under or as part of a “dividend rental arrangement”, as defined in the Tax Act. Any such holder should consult its own tax advisor with respect to an investment in offered Units.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada and is (or does not deal at arm’s length with a corporation resident in Canada for purposes of the Tax Act that is), or becomes, controlled by a non-resident corporation for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring the offered Units.

This summary is based upon the provisions of the Tax Act and the regulations thereunder in force as of the date hereof, all specific proposals to amend the Tax Act and the regulations thereunder that have been publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”), published in writing by it prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in the CRA’s administrative policies and assessing practices, whether by legislative, governmental or judicial action or decision, nor does it take into account or anticipate any other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Consequently, Holders should consult their own tax advisors with respect to the tax consequences applicable to them, having regard to their own particular circumstances.

Allocation of Offering Price

Holders will be required to allocate the aggregate cost of an offered Unit between the Unit Share and the Warrant on a reasonable basis in order to determine their respective costs for the purposes of the Tax Act. The Company intends to allocate as consideration for their issue \$0.29 to each Unit Share and \$0.11 to each Warrant acquired as part of an offered Unit. As of the date of this Prospectus, the Company believes that such allocation is reasonable, but such allocation will not be binding on the CRA or a Holder. The adjusted cost base to a Holder of a Unit Share acquired as part of an offered Unit will be determined by averaging the cost of such Unit Share with the adjusted cost base of all Common Shares of the Company held by the Holder as capital property immediately before such acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder on the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder’s cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder’s adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder’s adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares of the Company held as capital property immediately before the acquisition of the Warrant Share.

Taxation of Resident Holders

The following portion of this summary applies to Holders (as defined above) who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (herein, “**Resident Holders**”) and this portion of the summary only addresses such Resident Holders. Certain Resident Holders who might not be considered to hold their Unit Shares or Warrant Shares as capital property may, in certain circumstances, be entitled to have them and any other “Canadian security” (as defined in the Tax Act) be treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election does not apply to Warrants. Resident Holders contemplating such election should consult their own tax advisors for advice as to whether it is available and, if available, whether it is advisable in their particular circumstances.

Expiry of Warrants

The expiry of an unexercised Warrant generally will result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Resident Holder immediately before its expiry. See discussion below under the heading “*Capital Gains and Capital Losses*”.

Taxation of Dividends

A Resident Holder will be required to include in computing income for a taxation year any dividends received, or deemed to be received, in the year by the Resident Holder on the Unit Shares or Warrant Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit provisions where the Company designates the dividend as an “eligible dividend” in accordance with the provisions of the Tax Act. There may be restrictions on the ability of the Company to designate any particular dividend as an “eligible dividend”.

A dividend received or deemed to be received by a Resident Holder that is a corporation must be included in computing its income but will generally be deductible in computing the corporation’s taxable income, subject to all of the rules and restrictions under the Tax Act in that regard. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. A corporation that is a “private corporation” or a “subject corporation” (each as defined in the Tax Act), generally will be liable to pay an additional tax (refundable under certain circumstances) under Part IV of the Tax Act on dividends received or deemed to be received on the Unit Shares or Warrant Shares in a year to the extent such dividends are deductible in computing taxable income for the year.

Disposition of Unit Shares, Warrants and Warrant Shares

A Resident Holder who disposes, or is deemed to dispose, of a Unit Share, a Warrant (other than on the expiry or exercise thereof) or a Warrant Share generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Holder of such Unit Shares, Warrants or Warrant Shares, as the case may be, immediately before the disposition or deemed disposition. The taxation of capital gains and losses is generally described below under the heading “*Capital Gains and Capital Losses*”.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Resident Holder in such taxation year. Subject to and in accordance with the rules contained in the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a particular taxation year against taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition or deemed disposition of a Unit Share or Warrant Share may be reduced by the amount of any dividends received or deemed to have been received by such Resident Holder on such shares, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Unit Shares or Warrant Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on certain investment income, including amounts in respect of net taxable capital gains. Such Resident Holders should consult their own tax advisors.

Alternative Minimum Tax

Capital gains realized and dividends received or deemed to be received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors in this regard.

Taxation of Non-Resident Holders

The following portion of this summary is generally applicable to Holders who, for the purposes of the Tax Act and at all relevant times: (i) are neither resident nor deemed to be resident in Canada, and (ii) do not use or hold Unit Shares, Warrants or Warrant Shares in the course of business carried on or deemed to be carried on in Canada. Holders who meet all of the foregoing requirements are referred to herein as “**Non-Resident Holders**”, and this portion of the summary only addresses such Non-Resident Holders. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Receipt of Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless reduced by the terms of an applicable tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. For example, under the Canada-United States Tax Convention (1980) as amended (the “**Treaty**”), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to full benefits under the Treaty (a “**U.S. Holder**”) is generally reduced to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company’s voting shares). Non-Resident Holders should consult their own tax advisors in this regard.

Disposition of Unit Shares, Warrants and Warrant Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Unit Share, a Warrant or a Warrant Share unless such Unit Share, Warrant Share or Warrant, as the case may be, constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty or convention.

Provided the Unit Shares and Warrant Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the TSX) at the time of disposition, the Unit Shares, Warrants, and Warrant Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are satisfied concurrently: (i) (a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm’s length; (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class or series of shares of the Company;

and (ii) more than 50% of the fair market value of the Unit Shares and Warrant Shares was derived directly or indirectly from one or any combination of: real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), and options in respect of, or interests in or for civil law rights in, such properties. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Unit Shares, Warrants, and Warrant Shares may be deemed to be taxable Canadian property.

Even if the Unit Shares, Warrants, and Warrant Shares are taxable Canadian property of a Non-Resident Holder, such Non-Resident Holder may be exempt from tax under the Tax Act on the disposition of such Unit Shares, Warrants, and Warrant Shares by virtue of an applicable income tax treaty or convention. In cases where a Non-Resident Holder disposes, or is deemed to dispose, of a Unit Share, a Warrant (other than on the exercise thereof) or a Warrant Share that is taxable Canadian property of that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption from tax under the Tax Act or pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading “Taxation of Resident Holders – Capital Gains and Capital Losses” will generally be applicable to such disposition. Non-Resident Holders who may hold Unit Shares, Warrants or Warrant Shares as taxable Canadian property should consult their own tax advisors.

PLAN OF DISTRIBUTION

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriter has agreed to purchase, or find substituted purchasers for, on the Closing Date, the Units at the Offering Price, payable in cash to the Company against delivery. The obligations of the Underwriter under the Underwriting Agreement are subject to certain closing conditions and may be terminated at their discretion on the basis of “disaster out”, “material change out” and “breach out” provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriter is however, obligated to take up and pay for all of the Units if any Units are purchased under the Underwriting Agreement. The Offering Price and certain terms of the Offering were determined by negotiation between the Company and the Underwriter. Among the factors considered in determining the Offering Price were the market price of the Common Shares, prevailing market conditions, the historical performance and capital structure of the Company, the Underwriter’s estimates of the business potential and earnings prospects of the Company, the availability of comparable investments, an overall assessment of management of the Company and the consideration of the foregoing factors in relation to market valuation of companies in related businesses. The Underwriter has reserved the right to form a selling group of appropriately registered dealers and brokers, with compensation to be negotiated between the Underwriter and such selling group participants, but at no additional cost to the Company.

Each Unit will consist of one Unit Share and Warrant. Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$0.50 until 4:00 p.m. (Eastern Time) on the date that is 48 months from the Closing Date, after which time the Warrants will be void and of no value. This Prospectus qualifies the distribution of the Unit Shares and the Warrants included in the Units.

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events. See “Description of Securities Being Distributed”.

The Company has also granted the Underwriter the Over-Allotment Option, exercisable in whole or in part in the sole discretion of the Underwriter for a period of 30 days from and including the Closing Date, to purchase up to 5,625,000 Additional Units and/or up to 5,625,000 Additional Warrants, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriter: (i) to acquire Additional Units at the Offering Price; or (ii) to acquire Additional Warrants at a price of \$0.07 per Additional Warrant; or (iii) to acquire any combination of Additional Units and Additional Warrants, so long as the aggregate number of Additional Warrants which may be issued under the Over-Allotment Option does not exceed 5,625,000 Additional Warrants. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units and/or Additional Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriter’s over-allocation position acquires those securities under this

Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Pursuant to the Underwriting Agreement, the Company has agreed to pay to the Underwriter the Underwriter's Fee which is equal to 6.0% of the gross proceeds from the issue and sale of the Units (including in respect of any exercise of the Over-Allotment Option). In addition, the Company will grant to the Underwriter non-transferable Broker Warrants to purchase up to that number of Broker Warrant Shares that is equal to 6.0% of the aggregate number of Units sold, including the Additional Units. Each Broker Warrant will entitle the holder to acquire one Broker Warrant Share at a price of \$0.50 per Broker Warrant Share at any time prior to 4:00 p.m. (Eastern time) on the date that is 48 months after the Closing Date. This Prospectus qualifies the distribution of the Broker Warrants. The Company has also agreed to reimburse the Underwriter for its reasonable out-of-pocket fees and expenses, including the fees and expenses of its legal counsel up to \$85,000 (excluding taxes and disbursements) whether or not the Offering is completed.

The Company has agreed that, during the period commencing on May 20, 2020 and ending 90 days after the Closing Date, it will not, directly or indirectly, without the prior written consent of the Underwriter, such consent not to be unreasonably withheld, issue, sell, offer, grant, secure, pledge or otherwise transfer, dispose of or monetize or engage in any hedging transaction or enter into any form of agreement or arrangement, the consequence of which is to alter the economic exposure to, or announce any intention to do so in any manner whatsoever any Common Shares or any securities convertible into or exchangeable for or otherwise exercisable to acquire Common Shares or other equity securities of the Company, other than in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Company and other share compensation arrangements, provided such options and other similar securities are granted or issued with an exercise price not less than the Offering Price; (ii) the exercise of outstanding warrants; (iii) any transactions with an arm's length third party whereby the Company directly or indirectly acquires shares or assets of a business; or (iv) the issuance of securities of the Company to a strategic investor in connection with a private placement.

As a condition of closing of the Offering, each of the senior officers and directors of the Company will enter into agreements in favour of the Underwriter pursuant to which each will agree not to, directly or indirectly, without the prior written consent of the Underwriter, such consent not to be unreasonably withheld, sell or agree to sell (or announce any intention to do so) any Common Shares or other securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares for a period of 90 days after the Closing Date, other than in conjunction with: (i) the grant or exercise of stock options and other share compensation arrangements, provided such options and other similar securities are granted or issued with an exercise price not less than the Offering Price; and (ii) the exercise of outstanding warrants.

The Units will be offered in each of the provinces of Canada (except Québec) through the Underwriter or its affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Underwriter. Subject to applicable law, the Underwriter may offer the Units in such jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriter. Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Underwriter reserves the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about June 9, 2020, or such other date as may be agreed upon by the Company and the Underwriter, but in any event no later than the date that is 42 days from the date of the receipt for the final short form prospectus. The Offering will be conducted under the book-based system. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS Participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system.

Pursuant to policies of certain Canadian securities regulatory authorities, the Underwriter may not, throughout the period of distribution under the Offering, bid for or purchase Common Shares for its own accounts or for accounts over which it exercises control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under Universal Market Integrity Rules for Canadian marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, and a bid or purchase made for or on

behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, the Underwriter may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. These stabilizing transactions and syndicate covering transactions may have the effect of preventing or mitigating a decline in the market price of the Common Shares, and may cause the price of the Units to be higher than would otherwise exist in the open market absent such stabilizing activities. These transactions, if commenced, may be discontinued at any time.

The Company has agreed, pursuant to the Underwriting Agreement, to indemnify the Underwriter and its affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents and each other person, if any, controlling the Underwriter or its affiliates and against certain liabilities, including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Underwriter may have to make because of such liabilities.

The Company has applied to the TSX for conditional listing approval of the listing of the Unit Shares, Warrants and Warrant Shares. The listings are subject to the Company fulfilling all of the listing requirements of the TSX. See "Risk Factors".

The Unit Shares and the Warrants comprising the Units offered hereby and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, a person in the United States or a U.S. Person, except pursuant to an effective registration exemption.

The Underwriter has agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, it will not offer or sell the Units at any time to, or for the account or benefit of, any person in the United States or any U.S. Person as part of its distribution. The Underwriting Agreement permits the Underwriter to re-offer and re-sell the Units that they have acquired pursuant to the Underwriting Agreement to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) ("Qualified Institutional Buyers") that are, or are acting for the account or benefit of, persons in the United States or U.S. Persons in compliance with Rule 144A under the U.S. Securities Act (and pursuant to similar exemptions under applicable state securities laws). Moreover, the Underwriting Agreement provides that the Underwriter will offer and sell the Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Units, and the Unit Shares and the Warrants comprising the Units, that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Warrant Shares issued upon the exercise of such Warrants, have not been registered under the U.S. Securities Act or any applicable state securities laws and will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, will bear (or will be deemed to bear) a restrictive legend to such effect, and will be subject to restrictions to the effect that such securities may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares, if any, be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Company has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Company; provided, however, that a holder who is a Qualified Institutional Buyer at the time of exercise of the Warrants who purchased Units in the Offering to, or for the account or benefit of, persons in the United States or U.S. Persons will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units to, or for the account or benefit of, a person in the United States or a U.S. Person. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units, Unit Shares or Warrants within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

The Underwriter proposes to offer the Units initially at the Offering Price. After the Underwriter has made a reasonable effort to sell all of the Units at such price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriter will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the Underwriter to the Company.

European Economic Area

In relation to each Member State of the European Economic Area in which the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “EU Prospectus Regulation”) applies directly or implemented by local law (each, a “Relevant Member State”), an offer of securities described in this Prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Regulation, except that an offer of the Units described in this Prospectus be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation); or
- in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation;

provided that no such offer of Units described in this Prospectus shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer of securities to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Company, to one vote per share at meetings of shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of Common Shares after payment of the Company’s creditors. All Common Shares outstanding on completion of the Offering will be fully paid and non-assessable. There are no pre-emptive rights or conversion rights attached to the Common Shares. There are also no redemption, retraction or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to the modification, amendment or variation of any such rights or provisions attached to the Common Shares.

Provisions as to the modification, amendment or variation of the rights attached to the Common Shares are contained in the Company’s bylaws and the CBCA. Generally speaking, substantive changes to the authorized share structure require the approval of the Company’s shareholders by special resolution (at least two-thirds of the votes cast).

Warrants

The Warrants will be governed by the terms of the Warrant Indenture. The following summary of certain anticipated provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the

attributes of the Warrants which will be filed by the Company under its corporate profile on SEDAR following the closing of the Offering. A register of holders will be maintained at the principal offices of Computershare in Vancouver, British Columbia, and is the location at which Warrants may be surrendered for exercise or transfer.

Each Warrant will entitle the holder to acquire, subject adjustment in certain circumstances, one Warrant Share at an exercise price of \$0.50 until 4:00 p.m. (Eastern time) on the date that is 48 months after the Closing Date, after which time the Warrants will be void and of no value.

The Warrant Indenture provides for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants);
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares, of evidences of indebtedness, or any property or other assets.

The Warrant Indenture also provides for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares or a capital reorganization of the Company (other than as described in clauses (i) or (ii) above), (b) consolidations, amalgamations, arrangements, mergers or other business combination of the Company with or into another entity, or (c) any sale, lease, exchange or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Common Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company also covenants in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such events.

No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture provides that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in

the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of Computershare, relying on counsel, the rights of the holders of Warrants are not prejudiced, as a group. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, will be subject to approval by an “Extraordinary Resolution”, which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66^{2/3}% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 75% of the number of all of the then outstanding Warrants.

PRIOR SALES

The following table summarizes details of the securities issued by the Company during the 12-month period prior to the date of this Prospectus.

Common Shares

Date of issuance	Type of security issued	Number of securities issued	Issue/exercise price per security
May 27, 2019	Common Shares ⁽²⁾	11,128	\$3.00
May 31, 2019	Common Shares ⁽²⁾	1,500	\$3.00
June 3, 2019	Common Shares ⁽²⁾	5,112	\$3.00
June 7, 2019	Common Shares ⁽¹⁾	26,400	\$0.50
June 11, 2019	Common Shares ⁽¹⁾	17,000	\$1.15
June 12, 2019	Common Shares ⁽¹⁾	50,000	\$0.50
June 12, 2019	Common Shares ⁽¹⁾	90,400	\$0.50
July 4, 2019	Common Shares ⁽¹⁾	8,000	\$0.50
July 11, 2019	Common Shares ⁽¹⁾	8,000	\$1.15
July 15, 2019	Common Shares ⁽²⁾	300	\$3.00
July 19, 2019	Common Shares ⁽¹⁾	10,000	\$0.50
July 24, 2019	Common Shares ⁽¹⁾	10,000	\$0.50
July 25, 2019	Common Shares ⁽¹⁾	18,000	\$0.50
August 14, 2019	Common Shares ⁽¹⁾	15,000	\$1.15
August 14, 2019	Common Shares ⁽²⁾	5,328	\$3.00
August 15, 2019	Common Shares ⁽¹⁾	4,000	\$1.15
August 16, 2019	Common Shares ⁽²⁾	2,500	\$2.15
August 16, 2019	Common Shares ⁽²⁾	333,333	\$2.15
August 16, 2019	Common Shares ⁽²⁾	8,695	\$2.15
August 19, 2019	Common Shares ⁽¹⁾	8,000	\$1.15
October 9, 2019	Common Shares ⁽¹⁾	24,000	\$0.50
October 9, 2019	Common Shares ⁽¹⁾	32,000	\$1.15
December 19, 2019	Common Shares ⁽³⁾	36,800,000	\$0.67
January 3, 2020	Common Shares ⁽¹⁾	400,000	\$0.50

Date of issuance	Type of security issued	Number of securities issued	Issue/exercise price per security
January 7, 2020	Common Shares ⁽²⁾	500	\$1.00
January 30, 2020	Common Shares ⁽¹⁾	70,000	\$0.50
January 31, 2020	Common Shares ⁽¹⁾	66,400	\$0.50
February 5, 2020	Common Shares ⁽¹⁾	48,000	\$0.50
February 6, 2020	Common Shares ⁽¹⁾	64,000	\$0.50
February 7, 2020	Common Shares ⁽¹⁾	60,800	\$0.50
February 10, 2020	Common Shares ⁽¹⁾	48,000	\$0.50
February 14, 2020	Common Shares ⁽¹⁾	90,400	\$0.50
March 12, 2020	Common Shares ⁽⁴⁾	27,174	N/A
April 14, 2020	Common Shares ⁽⁵⁾	6,025,042	\$0.27
April 27, 2020	Common Shares ⁽⁶⁾	20,536,700	\$0.28
April 30, 2020	Common Shares ⁽⁷⁾	833,333	\$0.30

Notes:

- (1) Issued pursuant to the exercise of stock options or compensation options.
- (2) Issued pursuant to the exercise of warrants.
- (3) Issued pursuant to the December 2019 bought deal financing.
- (4) Issued pursuant to restricted share units.
- (5) Issued to a consultant for services performed in lieu of cash consideration.
- (6) Issued pursuant to the April 2020 bought deal financing.
- (7) Issued to a former employee in respect of severance.

Warrants

Date of issuance	Type of security issued	Number of securities issued	Exercise Price per security
December 19, 2019	Warrants	20,608,000	\$1.00
December 19, 2020	Warrants	2,208,000	\$1.00
December 20, 2019	Warrants	7,000,000	\$1.00
April 22, 2020	Warrants	3,000,000	\$0.39
April 27, 2020	Warrants	1,500,000	\$0.39
April 27, 2020	Warrants	10,268,350	\$0.38
April 27, 2020	Warrants	1,232,202	\$0.38

Stock Options

Date of issuance	Type of security issued	Number of securities issued	Exercise Price per security
May 13, 2019	Options	150,000	\$4.11
May 21, 2019	Options	50,000	\$3.86

August 16, 2019	Options	861,000	\$3.30
August 21, 2019	Options	500,000	\$3.10
November 18, 2019	Options	776,000	\$0.83
March 13, 2020	Options	2,722,000	\$0.37

Restricted Share Units and Convertible Units

Date of issuance	Type of security issued	Number of securities issued	Exercise Price per security
May 31, 2019	Convertible Units ⁽¹⁾	74,074	N/A
March 13, 2020	Restricted Share Units ⁽²⁾	2,550,000	N/A

Note:

- (1) Issued in connection with the A/S Knud Jepsen joint ventures. See the Company's Annual Information Form dated March 19, 2019. The convertible units will convert into Common Shares as follows: (i) effective April 19, 2020, 24,691 convertible units will convert into Common Shares; (ii) on April 19, 2021, 24,691 convertible units will convert into Common Shares; and (iii) on April 19, 2022, 24,692 convertible units will convert into Common Shares.
- (2) Issued to employees as retention incentives in accordance with the Company's share-based compensation plans.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSX under the trading symbol "TGOD". The following tables set forth information relating to the trading of the Common Shares on the TSX for the periods indicated.

Month	TSX Price Range (\$)		Total Volume
	High	Low	
May 2019	4.63	3.50	44,360,358
June 2019	3.77	3.10	24,891,535
July 2019	3.40	2.64	22,952,034
August 2019	3.69	2.82	32,072,580
September 2019	3.53	2.02	52,705,199
October 2019	2.09	0.91	79,373,615
November 2019	1.23	0.62	103,612,385
December 2019	0.88	0.64	52,929,961
January 2020	0.84	0.64	52,634,539
February 2020	0.73	0.42	39,457,347
March 2020	0.51	0.22	55,172,115
April 2020	0.32	0.25	34,034,691
May 1-26, 2020	0.64	0.24	106,875,744

Source: TMX Datalinx

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any

investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the Annual Information Form, which is incorporated by reference in this Prospectus and which may be accessed on the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Information". Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

Risks related to the Company's financial condition and sales of its product lines

The net proceeds of the Offering, together with cash on hand, the bulge payment under the revolving credit facility, further additional amounts up to \$17 million under the revolving credit facility as they become available and revenues generated from sales of organic cannabis products and are expected to fund operations for at least the coming 12 months. This expectation is also based on the assumption that the Company completes the proposed amendment to the revolving credit facility to change the conditions for advance of the bulge payment and to extend the term of the facility by six months to October 2021. See "*Revolving Credit Facility*".

There is a risk that working capital requirements over that time period will be greater than anticipated, or that revenues may be lower than anticipated.

The Company's revenues over the coming 12 months may be lower than anticipated. The Company has completed construction and licencing of its Hamilton Facility and development and launch of its key product lines. The Company has also established supply agreements with a number of provincial recreational cannabis distribution boards across Canada and with a private national distributor of medical cannabis. However, sales (and repeated sales) to these distributors rely on distributors placing purchase orders with the Company. The Company has little history of sales of its primary products and favorable reception of the products by end consumers is not assured. The Company has only recently begun making shipments to its distributors, including the first shipment of its key products (including a mainstream priced organic cannabis brand called Highly Dutch and two flavours of cannabis-infused teas) to the provincial distribution board in Quebec. However, recreational cannabis end-use purchasers and medical cannabis patients must elect to in turn purchase the Company's products from these distributors, or the distributors may not place repeated purchase orders with the Company. The Company's ability to generate revenues from sales of its organic cannabis products is subject to all of the risks described in the Company's annual information form dated March 16, 2020 and in this prospectus.

The Company's ability to make sales may be further adversely affected by the ongoing impact of COVID-19. See "*Ongoing Impact of COVID-19*".

Working capital requirements over the next 12 months may be greater than the Company anticipates for a variety of reasons including, but not limited to, the following: non-performance by third party contractors; increases in materials, production or labour costs; labour disputes; or catastrophic events such as fires, storms, physical attacks or public health crises. Many of these factors, including the ongoing impact of COVID-19, are not within the Company's control.

The Company expects to achieve positive Canadian operating cash flows later in 2020, which is in turn reliant on revenues and working capital requirements being in line with expectations. The Company's expectations regarding

positive cash flow is dependent on assumptions that are not in the Company's control. See "*Cautionary Statement on Forward Looking Information*". To date, the Company has had negative cash flows from operations. See "*Negative Cash Flow from Operations and Working Capital Deficiency*".

Certain of the Company's commitments and payables are denominated in foreign currencies. Therefore, fluctuations in foreign currency exchange rates could impact these costs when measured in Canadian dollars. The Company has prepared the disclosures in this prospectus on the costs of its commitments on the basis of current foreign currency exchange rates, but foreign currency exchange rates will fluctuate over the coming 12 months, and there is a risk that future foreign currency exchange rates may be less favourable to the Company compared to current rates.

If over the coming 12 months the Company's revenues from sales are significantly lower, or its working capital requirements over the next 12 months are significantly greater, than anticipated, or if the lender under the revolving credit facility does not complete the amendments proposed to the revolving credit facility (see "*Revolving Credit Facility*"), the Company may not have sufficient time to continue to ramp up commercial activity and generate and realize sufficient revenues from sales of its organic cannabis products, and accordingly the Company may not have sufficient funding for its operations over the coming 12 months as the Company may not be able to access additional funds available under the revolving credit facility, which is dependent on the Company generating eligible accounts receivable. In such circumstances, the Company may be required to raise additional funds which may or may not be available on reasonable terms. The Company's ability to continue as a going concern is dependent upon its ability to sell its products, or to raise additional capital, and thereby fund its payables, commitments, and the other costs it will incur.

As a result of these financial risks, the Company has recorded a going concern note in its financial statements. See the Company's financial statements for the three months ended March 31, 2020 and the accompanying management's discussion and analysis incorporated by reference in this prospectus.

In addition, later in 2021 the Company's senior secured credit facility and revolving credit facility (assuming completion of the proposed amendment) will reach the end of their respective terms (see "*Revolving Credit Facility*"). As a result, later in 2021 the Company must either renew each of these facilities or raise additional funds to repay or refinance amounts owing under each facility. If the Company were unable to renew, repay or refinance these facilities at that time, the Company's financial condition would be materially adversely affected.

Senior Secured Credit Facility

The Company previously announced (i) the closing of the first tranche of a senior secured credit facility on December 24, 2019; and (ii) the closing of an advance of \$5 million on the accordion under the senior secured credit facility on April 27, 2020. At any time after September 30, 2020, the Company may request additional amounts of up to \$10 million on the remaining accordion under the senior secured credit facility. However, such additional funds are subject to credit committee approval of the lender. The credit committee of the lender may decline to make this additional amount available to the Company. Accordingly, the balance of the accordion under the senior secured credit facility may not close on the timeline anticipated by the Company, or at all. The Company may be obligated to raise additional funds. See "*Use of Proceeds*".

Revolving Credit Facility

On April 22, 2020, the Company announced that it had closed a second-lien revolving credit facility with a commercial lender for gross proceeds of up to \$30 million. \$10 million of the revolving credit facility was funded on closing. The revolving credit facility is generally secured by a second lien over the assets of the Company with a first lien over certain eligible inventory and accounts receivable. From the \$20 million balance remaining, the Company expects to receive a "bulge" payment of \$3 million in gross proceeds on or before July 1, 2020, provided the Company and the lender execute a proposed amendment to the revolving credit facility to (i) provide that the bulge payment of \$3 million will be available under the revolving credit facility on July 1, 2020 provided that the Offering closes on or before that date; and (ii) extend the term of the revolving credit facility an additional six months to October 2021, subject to the Company issuing to such lender 500,000 common share purchase warrants. The exercise price per share will be determined in the context of the market price of the Company's common shares as of the date of the amendment. The lender under the revolving credit facility has informed the Company that it has received credit

committee approval for such amendment. However, there is presently no binding agreement for in respect of this amendment.

Access to the \$17 million balance of the additional funds will be dependent on the Company making sales to distributors in order to build eligible accounts receivable as additional collateral under the revolving credit facility. See “*Risks related to the Company’s financial condition and sales of its product lines*”. If the Company is unable to access additional funds under the revolving credit facility on the anticipated timeline or at all, the Company may be obligated to raise additional funds. See “*Use of Proceeds*”.

Ongoing Impact of COVID-19

The development and operation of the Company’s business is dependent on labour inputs which could be adversely disrupted by the ongoing impact of COVID-19. While it is difficult to predict the impact of the coronavirus outbreak on the Company’s business, measures taken by the Canadian and Ontario governments and voluntary measures undertaken by the Company with a view to the safety of the Company’s employees, may adversely impact the Company’s business, for instance by impeding the labour required to cultivate, process, market and distribute the Company’s products and disrupting the Company’s critical supply chains. In addition, while cannabis retail has been declared an essential service in many provinces, sales volumes of cannabis may be adversely impacted by consumer “social distancing” behaviours. All Company office staff have transitioned to working remotely from home offices, with business continuing to be conducted by telephonic and electronic means. The Company’s Hamilton Facility has implemented precautionary measures to ensure the safety of the staff and product, including limiting visits to the site to essential personnel only, ensuring proper protocols around sanitation, mask usage and physical distancing, and placing potentially exposed employees in self-quarantine for the appropriate period. These measures and similar measures taken by other employers may adversely impact the Company’s ability to successfully market its new key product lines, for instance by precluding in-store visits and budtender engagement programs. In the short term, the Company is seeking to mitigate these impacts through technology-mediated engagement with retailers. The Company continues to dynamically monitor developments in order to adapt and respond in order to protect the health and safety of the Company’s employees and the best interests of the Company, and is in the process of developing return to work protocols for the anticipated easing of provincial pandemic restrictions over the coming months.

Negative Cash Flow from Operations and Working Capital Deficiency

The Company had negative cash flow for the three months ended March 31, 2020. To the extent that the Company has negative operating cash flow in future periods, it will need to allocate a portion of its cash (including proceeds from the Offering) to fund such negative cash flow. If the Company experiences future negative cash flow, the Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favourable to the Company.

Litigation

The Company may become subject to litigation from time to time in the ordinary course of business, some of which may adversely affect its business. For instance, the Company is currently subject to three employment related claims totalling approximately \$3.5 million, a breach of contract claim by former warrant holders for approximately \$1.25 million, and a claim from a customer in Europe for approximately \$2.1 million. The employment claims relate to a former contract CFO of the Company, a former consultant to the Company and a former officer of HemPoland. The former contract CFO issued a claim in the Ontario Superior Court of Justice for \$3 million on September 25, 2018 and the Company filed a defence in October 2018. There have been no appearances or proceedings scheduled since the Company’s defence was filed. The claim by the former consultant was issued by the Ontario Superior Court of Justice on April 15, 2020. The Company is in the process of preparing its defence. The former officer of HemPoland has brought proceedings in Elblag, Poland, claiming payment of a contractual severance payment of approximately \$370,000. HemPoland is vigorously defending the claim. A trial in this matter was previously scheduled to proceed at the end of April; however, that hearing has been deferred indefinitely due to COVID-19 related closures. In the breach of contract claim, a group of plaintiffs have brought a claim in British Columbia alleging breach of contract in regard to share purchase warrants they were prevented from exercising due to a restrictive trading period. This matter

has been set down for trial commencing July 19, 2021. Finally, a customer in Europe (a distributor) alleges that HemPoland breached a verbal contract with it by ceasing to cooperate with the distributor and has alleged damages of approximately \$2.1 million. No proceedings have been initiated in respect of the matter.

Should any of these claims or any other litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating, the value or market price for the common shares and could require the use of significant resources. Even if the Company is involved in litigation and is ultimately successful, litigation can require the redirection of significant resources. Litigation may also create a negative perception of the Company's brand.

Dilution

The number of Common Shares that the Company is authorized to issue is unlimited. The Company may, in its sole discretion, issue additional Common Shares and/or securities convertible into Common Shares from time to time subject to the rules of any applicable stock exchange on which the Common Shares are then listed and applicable securities law. The issuance of any additional Common Shares and/or securities convertible into Common Shares may have a dilutive effect on the interests of holders of the Company's common shares or common share purchase warrants. To the extent that any of the net proceeds of the Offering remain un-invested pending their use, or are used to pay down existing indebtedness, the Offering may result in substantial dilution on a per Common Share basis to the Company's net income and certain other financial measures used by the Company. The proceeds of the Offering, together with cash on hand, the bulge advance on the revolving credit facility and further additional amounts up to \$17 million under the revolving credit facility as they become available, and anticipated revenues, are expected to fund operations for at least the next 12 months. In addition, the Company estimates that the Company's Canadian working capital as at April 30, 2020 is a net liability of \$5.7 million mainly as a result of accounts payable for construction. The construction payables that are the main component of the working capital deficit are expected to be settled over the period until October 2021 under negotiated terms with creditors. This will require additional funds drawn under the revolving credit facility, as well as the generation of positive operating cashflow; if additional funds do not become available to the Company under the revolving credit facility and/or positive operating cashflow is not achieved, the Company will require additional sources of financing in order to settle the working capital deficit, which may include raising funds through the issuance of additional Common Shares or instruments convertible or exercisable for Common Shares.

Return on Investment is Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the Company. Common Shares (including those partly comprising the Units and issuable pursuant to the Warrants) are equity securities of the Company and are not fixed income securities. Unlike fixed income securities, there is no obligation of the Company to distribute to shareholders a fixed amount or any amount at all, or to return the initial purchase price of the Units on any date in the future. The market value of the Common Shares may deteriorate if the Company is unable to generate sufficient positive returns, and that deterioration may be significant.

Volatility of Share Price

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company; (iv) addition or departure of the Company's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Common Shares; (vi) sales or perceived sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public issuers in the cannabis sector and that have, in some cases,

been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Units by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the Company's operations and the trading price of the Common Shares may be materially adversely affected.

Market Discount

The price of the Common Shares, and accordingly the price and value of the Warrants, will fluctuate with market conditions and other factors. If a holder of Units sells its Common Shares or Warrants, the price received may be more or less than the original investment. The Common Shares may trade at a discount from their book value, and the Warrants may trade at a discount from their intrinsic value. The Common Shares and Warrants may trade at a price that is less than the price paid in the Offering.

Discretion in the Use of Net Proceeds

The Company intends to use the net proceeds from this Offering as set forth under "Use of Proceeds"; however, the Company maintains broad discretion to use the net proceeds from this Offering in ways that it deems most efficient. The failure to apply the net proceeds as set forth under "Use of Proceeds" and other financings could adversely affect the Company's business and, consequently, could adversely affect the price of the underlying Common Shares on the open market.

European Anti-Money Laundering Laws and Regulations

European laws, regulations and their enforcement, particularly those pertaining to anti-money laundering, relating to making and/or holding investments in cannabis-related practices or activities are in flux and vary dramatically from jurisdiction to jurisdiction across Europe (including without limitation, the United Kingdom). The enforcement of these laws and regulations and their effect on shareholders are uncertain and involve considerable risk. In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations are found to be in violation of such laws or regulation, such transactions (including holding of shares in the Company) could expose any shareholder(s) in that jurisdiction to potential prosecution and/or criminal and civil sanction.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, Vaughan, Ontario. KPMG LLP is independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. The transfer agent and registrar for the Common Shares and Warrants is Computershare Investor Services Ltd. at its principal offices in Vancouver, British Columbia.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by Torys LLP, on behalf of the Company and by Miller Thomson LLP, on behalf of the Underwriter. As at the date hereof, the partners and associates of Torys LLP, as a group, and the partners and associates of Miller Thomson LLP, as a group, each beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some provinces, revisions of the price or damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the short form prospectus is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF THE COMPANY

Dated: May 26, 2020

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada, except Québec.

(signed) "Brian Athaide"
Chief Executive Officer

(signed) "Sean Bovingdon"
Chief Financial Officer

On Behalf of the Board of Directors

(signed) "Jeffrey Scott"
Director

(signed) "Nicholas Kirton"
Director

CERTIFICATE OF THE UNDERWRITER

Dated: May 26, 2020

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada, except Québec.

CANACCORD GENUITY CORP.

(Signed) *“Frank Sullivan”*
Vice President, Sponsorship, Investment Banking