CANNABIS STRATEGIES ACQUISITION CORP.

INITIAL PUBLIC OFFERING OF CLASS A RESTRICTED VOTING UNITS

NOVEMBER 21, 2017

*A copy of the amended and restated preliminary prospectus (the "**preliminary prospectus**") dated November 15, 2017, containing important information relating to the securities described in this document has been filed with the securities regulatory authority in each of the provinces and territories of Canada (other than Quebec) but has not yet become final for the purpose of the sale of securities. Information contained in the preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the final 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.*

A copy of the preliminary prospectus and any amendment is required to be delivered with this document. The preliminary prospectus is still subject to completion. This document does not provide full disclosure of all material facts relating to the securities offered Investors should read the preliminary prospectus, the final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

*The securities of the Corporation (as defined below) 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 legislation and may not be offered or sold in the United States, or to or for the account or benefit of a U.S. Person, except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities legislation or pursuant to an exemption therefrom. The preliminary prospectus and this document each do not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States.*

Terms and Conditions

Issuer:	Cannabis Strategies Acquisition Corp. (the "**Corporation**" or "**we**" or "**us**") is a newly organized special purpose acquisition corporation incorporated under the laws of the Province of Ontario for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Corporation (the "**Qualifying Transaction**").
Sponsor:	Mercer Park CB, L.P.
Offering:	12,500,000 Class A Restricted Voting Units (each, a "Class A Unit")
Offering Amount:	$125,000,000
Offering Price:	$10.00 per Class A Unit
Class A Restricted Voting Units:	Each Class A Unit consists of one Class A restricted voting share of the Corporation (a "**Class A Restricted Voting Share**") and one share purchase warrant (a "**Warrant**"). The Class A Restricted Voting Shares and Warrants comprising the Class A Restricted Voting Units will initially trade as a unit, but it is anticipated that the Class A Restricted Voting Units will begin trading separately 40 days following the Closing Date (as defined hereunder). Upon the closing of the Qualifying Transaction, each Class A Restricted Voting Share will, unless previously redeemed, be automatically converted into one Class B Share of the Corporation (the "**Class B Shares**").
Over-Allotment Option:	The Underwriter (as defined hereunder) will have an option to purchase up to an additional 1,875,000 Class A Units at the Offering Price, exercisable in whole or in part at any time until 30 days after closing of the Offering (the "**Closing**") to cover any over-allotments, if any.

Warrants:	Exercisable starting 30 days after the completion of the Qualifying Transaction, each Warrant will entitle the holder thereof to purchase one Class B Share at an exercise price of $11.50 per share, subject to anti-dilution adjustments as described in the preliminary prospectus. The Warrants will expire at 5:00 p.m. (Toronto time) on the day that is five years after the completion of the Qualifying Transaction or may expire earlier if a Qualifying Transaction does not occur within the Permitted Timeline (described below) or if the expiry date is accelerated. Once the Warrants become exercisable, the Corporation may accelerate the expiry date of the outstanding Warrants by providing 30 days' notice, if and only if, the closing price of the Class B Shares equals or exceeds $18.00 per Class B Share (as adjusted for stock splits or combinations, stock dividends, Extraordinary Dividends (as defined in the preliminary prospectus), reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period. Such acceleration right excludes Founders' Warrants (as defined below) but only to the extent still held by our Sponsor at the date of public announcement of such acceleration and not transferred prior to the accelerated expiry date, due to the anticipated knowledge by our Sponsor of material undisclosed information which could limit their flexibility.
Sponsor and Founder Placement:	250,000 Class B units ("**Class B Units**") will be purchased by the Sponsor, at a price of $10.00 per Class B Unit, with each Class B Unit consisting of one Class B Share and one Warrant. The Sponsor intends to purchase up to an additional 23,438 Class B Units on a pro rata basis, if the Over-Allotment Option is exercised in whole or in part. The Sponsor will also purchase 2,500,000 warrants (the "**Founders' Warrants**") at a price of $1.00 per Founders' Warrant. The Sponsor intends to purchase up to an additional 234,375 Founders' Warrants on a pro rata basis, if the Over-Allotment Option is exercised in whole or in part. At or prior to Closing, the Founders intend to purchase 3,662,109 Class B Shares (the "**Founders' Shares**") for an aggregate purchase price of $25,000, or $0.0068 per Founders' Shares, or $0.0078 per Founders' Shares if the Over-Allotment Option is not exercised. Up to 474,609 (the "**Over-Allotment Forfeitable Founders' Shares**") are subject to forfeiture by the Founders without compensation depending on the extent to which the Over-Allotment Option is exercised.
Shares Outstanding:	There will be 12,500,000 Class A Restricted Voting Shares outstanding following Closing (14,375,000 Class A Restricted Voting Shares if the Over-Allotment Option is exercised in full). There will be 3,437,500 Class B Shares outstanding following Closing (including the Founders' Shares and the Class B Shares forming part of the Class B Units, and there will be 3,935,547 Class B Shares if the Over-Allotment Option is exercised in full). Upon closing of the Qualifying Transaction, each Class A Restricted Voting Share, unless previously redeemed, will be automatically converted into one Class B Share.
Warrants Outstanding:	15,250,000 Warrants if the Over-Allotment Option is not exercised (12,500,000 Warrants forming part of the Class A Restricted Voting Units to be sold to the public, 250,000 Warrants forming part of the Class B Units to be sold to the Sponsor, and 2,500,000 Founders' Warrants to be sold to the Sponsor for $1.00 per Founders' Warrant). 17,382,813 Warrants if the Over-Allotment Option is fully exercised (14,375,000 Warrants forming part of the Class A Restricted Voting Units to be sold to the public, 273,438 Warrants forming part of the Class B Units to be sold to the Sponsor, and 2,734,375 Founders' Warrants to be sold to the Sponsor).

Target Acquisition:	The Corporation's efforts to identify a target business for the Qualifying Transaction will focus on marijuana production and/or distribution and/or related sectors; however, will not be limited to a particular industry or geographic region. The Corporation intends to focus on acquiring companies with an enterprise value between $150 and $300 million.
Permitted Timeline:	The Corporation must consummate its Qualifying Transaction within 18 months from the Closing (or 21 months from the Closing if the Corporation has executed a letter of intent, agreement in principle or definitive agreement for a Qualifying Transaction within 18 months from Closing but has not completed the Qualifying Transaction within such 18-month period). Such Permitted Timeline, however, could be extended to up to 36 months with shareholder approval of only the holders of Class A Restricted Voting Shares, by ordinary resolution, with approval by the Corporation's board of directors, and with the consent of the Aequitas NEO Exchange, or any successor, assign or replacement exchange on which any of the Corporation's securities are listed (the "**Exchange**"), if required. If such approvals and consent (if applicable) are obtained, holders of Class A Restricted Voting Shares, whether such holders voted for or against, or did not vote on, the extension of the Permitted Timeline, would be permitted to deposit all or a portion of their shares for redemption prior to 5:00 p.m. (Toronto time) on the fifth Business Day before the shareholders' meeting in respect of the extension. Immediately prior to the date that the extension of the Permitted Timeline takes effect, we would be required to redeem such Class A Restricted Voting Shares so deposited at an amount per share, payable in cash, equal to the pro-rata portion (per Class A Restricted Voting Share) of: (A) the escrowed funds available in the Escrow Account (as defined below) at the time of the meeting in respect of the extension, including any interest or other amounts earned thereon; less (B) an amount equal to the total of (i) any applicable taxes payable by the Corporation on such interest and other amounts earned in the Escrow Account, (ii) any taxes of the Corporation (including under Part VI.1 of the Tax Act) arising in connection with the redemption of the Class A Restricted Voting Shares, and (iii) actual and expected expenses directly related to the redemption, each as reasonably determined by the Corporation. For greater certainty, such amount will not be reduced by the deferred underwriting commissions per Class A Restricted Voting Share held in the Escrow Account. Amounts not held in escrow may be used to pay for administrative expenses in connection with our initial public offering and for general corporate purposes. The Corporation is not limited to only one Qualifying Transaction, but to the extent the Corporation undertakes more than one, it is expected that the acquisitions will be completed concurrently.
Qualifying Transaction Value & Voting Requirements:	The fair market value of the Qualifying Transaction (or the aggregate fair market value of the Corporation's combined Qualifying Transactions, if there is more than one) must, unless exemptive relief is obtained from the Exchange, not be less than 80% of the assets held in the Escrow Account (excluding the deferred underwriting commission and applicable taxes payable on interest and other amounts earned in the Escrow Account). The Qualifying Transaction must be approved by (i) a majority of the directors unrelated to the Qualifying Transaction, and (ii) is expected to be required to be approved (subject to Exchange relief or rule changes, if applicable) by a majority of the votes cast by all shareholders (including holders of Class A Restricted Voting Shares and holders of Class B Shares, voting together as if they were a single class of shares). Holders of Warrants are excluded from voting as shareholders in respect of the proposed Qualifying Transaction.

Use of Proceeds: A portion of the proceeds from the Offering and the Sponsor and Founder Placement (described above) will be used to finance the Qualifying Transaction and to pay other expenses associated with the Qualifying Transaction. The Corporation may also use share capital and/or debt, in whole or in part, as consideration to finance the Qualifying Transaction.

If the Qualifying Transaction is paid for using shares or debt securities, or not all of the funds released from the Escrow Account are used for payment of the purchase price in connection with our Qualifying Transaction, we may apply the cash balance that is not applied to the purchase price and released to us from the Escrow Account for general corporate purposes, including maintenance or expansion of operations of acquired businesses, payment of principal or interest due on indebtedness incurred in consummating the Qualifying Transaction, funding of subsequent acquisitions, payment of dividends or general ongoing expenses.

Proceeds Held in Escrow: Upon Closing, the gross proceeds of the issue of Class A Units will be held by Odyssey Trust Company, as escrow agent, in an escrow account (the "**Escrow Account**"). Subject to applicable law, none of the funds held in the Escrow Account will be released from the Escrow Account until the earliest of: (i) the closing of the Qualifying Transaction within the Permitted Timeline; (ii) a redemption of Class A Restricted Voting Shares; (iii) a Winding-Up (as defined in the preliminary prospectus) of the Corporation; and (iv) the requirement of the Corporation to pay taxes on the interest or certain other amounts earned on the escrowed funds (including, if applicable, under Part VI.1 of the Tax Act arising in connection with the redemption of the Class A Restricted Voting Shares), and for payment of certain expenses.

The proceeds deposited in the Escrow Account will be required to be invested in Canadian dollar denominated cash or book-based securities, negotiable instruments, investments or securities which evidence: (i) obligations issued or fully guaranteed by the Government of Canada or any Province of Canada; (ii) demand deposits, term deposits or certificates of deposit of a bank approved by the Exchange; (iii) commercial paper directly issued by a bank approved by the Exchange; or (iv) notes or bankers' acceptances issued or accepted by a bank approved by the Exchange, as determined by the Corporation from time to time.

Release of Funds in Escrow:	<u>QUALIFYING TRANSACTION</u>: On the closing of the Qualifying Transaction, all remaining amounts held in the Escrow Account not previously paid out or payable by the Corporation to redeeming holders of Class A Restricted Voting Shares (including expenses directly related to the redemptions), paid out or payable by the Corporation for tax liabilities of the Corporation, or payable by the Corporation to the Underwriter in satisfaction of its deferred underwriting commission will be available to the Corporation. <u>NO QUALIFYING TRANSACTION</u>: If the Qualifying Transaction is not completed within the Permitted Timeline, the Corporation will be required to redeem within 10 days following the last day of the Permitted Timeline, each of the outstanding Class A Restricted Voting Shares, for an amount per Class A Restricted Voting Share, payable in cash, equal to the pro-rata portion (per Class A Restricted Voting Share) of the: (A) the Escrow Account, including any interest and other amounts earned thereon; less (B) an amount equal to the total of (i) any applicable taxes payable by the Corporation on such interest and other amounts earned in the Escrow Account, (ii) any taxes of the Corporation (including under Part VI.1 of the Tax Act) arising in connection with the redemption of the Class A Restricted Voting Shares, and (iii) up to a maximum of $50,000 of interest and other amounts earned to pay actual and expected Winding-Up expenses and certain other related costs (as described herein), each as reasonably determined by the Corporation. The Underwriter will have no right to the deferred underwriting commissions held in the Escrow Account in such circumstances. <u>CLASS B RIGHTS</u>: The Class B Shares will not have any access to, or benefit from, the proceeds in the Escrow Account, and the Class B Shares will not possess any redemption rights.

Make Whole:

At or prior to the Closing, and pursuant to the make whole agreement and undertaking ("Make Whole Agreement and Undertaking") to be entered into by our Sponsor in favour of the Corporation, our Sponsor will agree that (A) in the event of the liquidation of the Escrow Account upon the occurrence of: the automatic redemption by the Corporation of the Class A Restricted Voting Shares resulting from the inability of the Corporation to complete a Qualifying Transaction within the Permitted Timeline, or on a Winding-Up, or (B) in the event of an extension to the Permitted Timeline, or the completion of a Qualifying Transaction, it will be liable to us if and to the extent any claims by any third party (other than our auditors) for services rendered or products sold to us, or a prospective Qualifying Transaction target with which we have entered into, or discussed entering into a transaction agreement, reduce the amount of funds in the Escrow Account to below the lesser of (i) $10.00 (as adjusted for stock splits or combinations, stock dividends, Extraordinary Dividends, reorganizations, recapitalizations and the like) per Class A Restricted Voting Share, or (ii) such lesser amount per Class A Restricted Voting Share held in the Escrow Account as of the date of the full or partial liquidation of the Escrow Account, as applicable, due to reductions in the value of the assets held in escrow (other than due to the failure to obtain waivers from such third parties), in the case of both (i) and (ii), less the amount of interest which may be withdrawn to pay taxes, except as to any claims by a third party who executed a waiver of any and all rights to seek access to the Escrow Account, and except as to any claims under our indemnity of the Underwriter against certain liabilities.

In the event of an extension to the Permitted Timeline, an automatic redemption, or a Winding-Up, whereby the taxes payable pursuant to Part VI.1 of the Tax Act would cause the amounts paid per share from the Escrow Account to redeeming holders of Class A Restricted Voting Shares to be less than the initial $10.00 invested (as adjusted for stock splits or combinations, stock dividends, Extraordinary Dividends, reorganizations, recapitalizations and the like), our Sponsor will, pursuant to the Make Whole Agreement and Undertaking, be liable to the Corporation for an amount required in order for the Corporation to be able to pay $10.00 (as adjusted for stock splits or combinations, stock dividends, Extraordinary Dividends, reorganizations, recapitalizations and the like) per Class A Restricted Voting Share to redeeming holders of Class A Restricted Voting Shares (but in no event more than the Part VI.1 taxes that would be owing by the Corporation where the amount paid to redeem each applicable Class A Restricted Voting Share would be $10.00 (as adjusted for stock splits or combinations, stock dividends, Extraordinary Dividends, reorganizations, recapitalizations and the like) per Class A Restricted Voting Share). Other than as described herein and in the preliminary prospectus, our Sponsor will not be liable to the Corporation for any other reductions to the Escrow Account that would cause the Corporation to pay less than $10.00 per Class A Restricted Voting Share to redeeming holders, including any amount on account of non-resident withholding tax applicable to any deemed dividends that arise on any redemptions.

We have not independently verified whether the Sponsor has sufficient funds to satisfy its indemnity obligations and, therefore, the Sponsor may not be able to satisfy those obligations. We have not asked the Sponsor to reserve for such eventuality. The indemnity obligations of the Sponsor are not obligations of, or guaranteed by, its parent, Mercer Park, L.P.

The Sponsor is permitted to make direct payments or contributions to the Escrow Account in the manner it determines, for indemnity purposes or otherwise.

Redemption Rights:	Holders of Class A Restricted Voting Shares can elect to redeem all or a portion of their Class A Restricted Voting Shares, whether they vote for or against, or do not vote on, the Qualifying Transaction, provided that they deposit their shares for redemption prior to 5:00 p.m. (Toronto time) on the fifth Business Day before the shareholders' meeting in respect of the Qualifying Transaction (the "**Shareholders Meeting**") (if required by the Exchange rules at the time of the Qualifying Transaction, or, if no such Shareholders Meeting is required, then prior to a deadline specified by the Corporation, following public disclosure of the details of the Qualifying Transaction and prior to the closing of the Qualifying Transaction, of which prior notice had been provided to holders of the Class A Restricted Voting Shares by any means permitted by the Exchange, not less than 25 days nor more than 60 days in advance of such deadline). Holders of Class A Restricted Voting Shares will be given notice of the Shareholders Meeting (if required) and not less than 25 days' notice of the corresponding redemption deposit deadline if no Shareholders Meeting is to be held. Notwithstanding the foregoing redemption right, each holder of Class A Restricted Voting Shares, together with any affiliate of such holder or other person with whom such holder or affiliate is acting jointly or in concert, will not be permitted to redeem more than an aggregate of 15% of the number of Class A Restricted Voting Shares issued and outstanding following the Closing. This limitation will not apply in the event a Qualifying Transaction does not occur within the Permitted Timeline, or in the event of an extension to the Permitted Timeline. Neither the Class B Shares forming part of the Class B Units, nor any Warrants (including the Founders' Warrants), will possess any redemption rights.
Voting Rights:	Prior to the shareholder meeting for the Qualifying Transaction, holders of the Class A Restricted Voting Shares will not be entitled to vote on the election and removal of directors and auditors. The holders of the Class A Restricted Voting Shares would, however, be entitled to vote on and receive notice of meetings on all other matters requiring shareholder approval (including the proposed Qualifying Transaction and any proposed extension to the Permitted Timeline).
Lock-Up:	The Corporation will be, subject to certain exceptions, prohibited from issuing additional securities prior to the Qualifying Transaction. Also, except as contemplated in the preliminary prospectus, each of the Corporation and the Sponsor will be subject to a lock-up until the closing of the Qualifying Transaction.
Founders' Transfer Restrictions:	The Founders will agree to not sell or transfer any of their Founders' Shares until the earlier of: (A) one year following completion of the Qualifying Transaction, and (B) the closing share price of the Class B Shares equalling or exceeding $12.00 per share (as adjusted for certain events) for any 20 trading days within a 30-trading day period. The Founders' initial Class B Shares may also be subject to additional TSX escrow requirements and 25% of the Founders' Shares are subject to forfeiture on the fifth anniversary of the Qualifying Transaction unless the closing price of the Class B Shares exceeds $13.00 (as adjusted for certain events) for 20 trading days within a 30-day trading period at any time following the closing of the Qualifying Transaction.
Form of Offering:	Initial public offering by way of a long-form prospectus filed in all provinces and territories of Canada, except Quebec. Private placement in the United States to "qualified institutional buyers" pursuant to Rule 144A of the U.S. Securities Act and similar exemptions under applicable state securities laws, and internationally, as permitted.

Trading:	The Class A Restricted Voting Units are intended to begin trading promptly after the Closing. The Class A Restricted Voting Shares and Warrants comprising the Class A Restricted Voting Units will initially trade as a unit but it is anticipated that the Class A Restricted Voting Shares and Warrants comprising the Class A Restricted Voting Units will begin trading separately 40 days following the Closing Date (or, if such date is not an Exchange trading day, the next Exchange trading day, or such earlier day as determined by the Corporation's board of directors, with the consent of the Underwriter and the Exchange).
Eligibility:	Eligible for RRSPs, RRIFs, RESPs, TFSAs, RDSPs and DPSPs.
Underwriter:	Canaccord Genuity Corp.
Underwriting Fee:	6.0% 2.5% received upfront and 1.75% received upon closing of Qualifying Transaction. The remaining 1.75% is to be paid to agents or advisors involved in the Qualifying Transaction, at the discretion of the Corporation.
Sub-Underwriting Agreement:	I-Bankers Securities, Inc. ("**I-Bankers**") intends to enter into a U.S. sub-underwriting agreement with the Underwriter in connection with the sale of Class A Restricted Voting Units. I-Bankers is registered as a broker dealer in the United States, and is not registered to sell securities in any Canadian jurisdiction. Accordingly, I-Bankers will only sell Class A Restricted Voting Units in the United States and any other jurisdictions where such sales are permissible.
Pricing Date:	Expected Week of December 11, 2017
Closing Date:	Expected Week of December 18, 2017