

TELFERSCOT RESOURCES INC.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR

**A SPECIAL MEETING OF SHAREHOLDERS
IN RESPECT OF AN ARRANGEMENT BETWEEN
TELFERSCOT RESOURCES INC. AND THE VARIOUS SUBSIDIARIES DESCRIBED HEREIN AND
THE ACQUISITION OF CANNTAB THERAPEUTICS LIMITED AS WELL AS VARIOUS
RESOLUTIONS IN SUPPORT OF THE ARRANGEMENT AND THE ACQUISITION INCLUDING A
REDUCTION IN STATED CAPITAL, A CONSOLIDATION OF OUTSTANDING CAPITAL, A NAME
CHANGE, THE ELECTION OF DIRECTORS AND THE APPROVAL OF STOCK COMPENSATION
ARRANGEMENTS FOR THE NEW ENTITIES CREATED ON THE COMPLETION OF THE
ARRANGEMENT**

February 21, 2018

These materials are important and require your immediate attention. Please carefully read this Management Information Circular, including its schedules and documents incorporated by reference herein, as they contain detailed information relating to, among other things, the Plan of Arrangement that the Shareholders are being asked to approve at the Meeting.

THE ARRANGEMENT, THE ACQUISITION AND THE VARIOUS SUPPORTING MATTERS DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY INCLUDING, WITHOUT LIMITATION, ANY SECURITIES REGULATORY AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES REGULATORY AUTHORITY OF ANY U.S. STATE, NOR HAS ANY OF THEM PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

If you are in doubt as to how to deal with these materials or the matters they describe, please consult your professional advisor or please contact the Company's Chief Executive Officer, Stephen Coates, at (416) 642-2213 or stephen@grovecapitalgroup.com.

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TELFERSCOT RESOURCES INC.
401 Bay Street, Suite 2702
Toronto, Ontario M5H 2Y4

NOTICE OF A SPECIAL MEETING OF SHAREHOLDERS

To: The Shareholders of Telferscot Resources Inc.

TAKE NOTICE that pursuant to an order of the Superior Court of Justice of Ontario dated February 21, 2018, a special meeting (the “**Meeting**”) of shareholders (the “**Telferscot Shareholders**”) of Telferscot Resources Inc. (the “**Company**”) will be held in the offices of Gardiner Roberts LLP, Suite 3600, 22 Adelaide Street West, Toronto, Ontario on Thursday, March 22, 2018 at 10:00 a.m. (Toronto time), for the following purposes:

1. to consider and, if thought fit, pass, with or without variation, a special resolution (the “**Arrangement Resolution**”) approving an arrangement (the “**Plan of Arrangement**”) pursuant to Section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) which involves, among other things, the distribution to the Telferscot Shareholders shares of 10557404 Canada Corp. (“**SpinCo1**”), currently a wholly-owned subsidiary of the Company, all as more fully set out in the accompanying management information circular (the “**Circular**”), the distribution to the Telferscot Shareholders shares of 10557501 Canada Corp. (“**SpinCo2**”), currently a wholly-owned subsidiary of the Company, all as more fully set out in the Circular, the distribution to the Telferscot Shareholders shares of 10557510 Canada Corp. (“**SpinCo3**”), currently a wholly-owned subsidiary of the Company, all as more fully set out in the Circular, the distribution to the Telferscot Shareholders shares of 10557536 Canada Corp. (“**SpinCo4**”), currently a wholly-owned subsidiary of the Company, all as more fully set out in the Circular, the distribution to the Telferscot Shareholders shares of 10557544 Canada Corp. (“**SpinCo5**”), currently a wholly-owned subsidiary of the Company, all as more fully set out in the Circular, the distribution to the Telferscot Shareholders shares of 10557633 Canada Corp. (“**SpinCo6**”), currently a wholly-owned subsidiary of the Company, all as more fully set out in the Circular and the distribution to the Telferscot Shareholders shares of 10617059 Canada Corp. (“**SpinCo7**”), currently a wholly-owned subsidiary of the Company, all as more fully set out in the Circular;
2. if the Arrangement Resolution is approved, to consider and, if thought fit pass, with or without variation, a special resolution (the “**Capital Reduction Resolution**”) approving a reduction in the Company’s stated capital by up to \$3,039,628 (the “**Capital Reduction**”) to facilitate the Plan of Arrangement;
3. if the Arrangement Resolution is approved, to consider and, if thought fit, pass, with or without variation, an ordinary resolution (the “**SOP Resolutions**”) to approve, ratify and affirm a stock option plan for each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 (the “**SOP Approvals**”) to support the Plan of Arrangement;
4. to consider and, if thought fit pass, with or without variation, an ordinary resolution (the “**Acquisition Resolution**”) approving the acquisition of all of the issued and outstanding securities of Canntab Therapeutics Limited (“**Canntab**”) by way of a three cornered amalgamation between the Company, 2611780 Ontario Inc. (“**Subco**”), currently a wholly-owned subsidiary of the Company, and Canntab (the “**Acquisition**”)
5. if the Acquisition Resolution is approved, to consider and, if thought fit pass, with or without variation, a special resolution (the “**Consolidation Resolution**”) approving a consolidation (the “**Consolidation**”) of the outstanding new common shares of the Company (the “**New Shares**”) issued on the completion of the Plan of Arrangement on the basis of one (1) post-consolidation common share (each a “**Resulting Issuer Share**”) for each two hundred (200) New Shares outstanding;
6. if the Acquisition Resolution is Approved, to consider and, if thought fit pass, with or without variation, a special resolution (the “**Name Change Resolution**”) approving a change of name (the “**Name Change**”) of the Company to “Canntab Therapeutics Limited”;

7. if the Acquisition Resolution is approved and the Acquisition is completed, to elect Jeff Renwick, Richard Goldstein, Sheldon Inwentash, Vitor Fonesca and Barry M. Polisuk as directors of the Company (the “**Board Change**”); and
8. to transact such other business as may properly come before the Meeting or at any adjournment(s) or postponement(s) thereof.

A copy of the Circular, a form of Proxy and a return envelope accompany this Notice of Meeting.

As provided in the CBCA shareholders registered on the books of the Company at the close of business on February 16, 2018 are entitled to notice of the meeting. Telferscot Shareholders entitled to vote who do not expect to be present at the meeting are urged to date, sign and return the enclosed form of proxy. Proxies to be used at the Meeting must be deposited with Capital Transfer Agency Inc., 390 Bay Street, Suite 920, Toronto, Ontario M5H 2Y2 or with the Secretary of the Company not later than 10:00 a.m., Toronto time, on the Tuesday, the 20th day of March, 2018.

RIGHT OF DISSENT

Registered Telferscot Shareholders (the “**Registered Shareholders**”) of common shares of the Company (the “**Telferscot Shares**”) have the right to dissent with respect to the Plan of Arrangement, if the Arrangement Resolution becomes effective, and to be paid the fair value of their Telferscot Shares in accordance with the provisions of section 190 of the CBCA. A Registered Shareholder’s right to dissent is more particularly described in the Circular. The full text of section 190 of the CBCA is set out in **Schedule “E”** to the accompanying Circular. A dissenting Registered Shareholder must send a written objection to the Arrangement Resolution, which written objection must be received by the Company by 5:00 p.m. on March 20, 2018.

Failure to strictly comply with the requirements set out in section 190 of the CBCA may result in the loss of any right to dissent. Persons who are beneficial owners of Telferscot Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of Telferscot Shares are entitled to dissent. Accordingly a beneficial owner of Telferscot Shares desiring to exercise the right to dissent must make arrangements for the Telferscot Shares beneficially owned by such holder to be registered in the holder’s name prior to the time the written objection to the Arrangement Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of such Telferscot Shares to dissent on behalf of the holder.

DATED the 21st day of February, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

“signed”

STEPHEN COATES

C.E.O.

TELFERSCOT RESOURCES INC.
SUITE 2702, 401 BAY STREET
TORONTO, ONTARIO
M5H 2Y4

This Circular is furnished in connection with the solicitation of proxies by management of Telferscot Resources Inc. for use at a special meeting of shareholders of the Company to be held on Thursday, March 22, 2018.

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set out in the Glossary of Terms contained in this Circular.

In considering whether to vote for the approval of the Arrangement, the Capital Reduction, the SOPS, the Acquisition, the Consolidation, the Name Change and the Board Change, Telferscot Shareholders should be aware that there are various risks, including those described in the Section entitled “Risk Factors” in this Circular. Telferscot Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement, the Capital Reduction, the SOPS, the Acquisition, the Consolidation, the Name Change and the Board Change.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Except for the statements of historical fact contained herein, the information presented in this Circular and the information incorporated by reference herein, constitutes “forward-looking information” within the meaning of applicable Canadian Securities Laws concerning the business, operations and financial performance and condition of the Company, Canntab and the SpinCos. These forward-looking statements are often identified by the words “may”, “might”, “could”, “would”, “will”, “can”, “should”, “believes”, “anticipates”, “plans”, “expects”, “intends”, “continue”, “potential”, “guidance”, “foresee”, “goal”, “pro forma”, “adjusted pro forma”, “contracted”, “target”, “appear” and the negative of these terms or other comparable or similar terminology or expressions. These include statements regarding (i) expectations regarding whether the Arrangement and the Acquisition will be consummated, including whether conditions to the consummation of the Arrangement and the Acquisition will be satisfied, or the timing for completing the Arrangement and the Acquisition; (ii) the treatment of Telferscot Shareholders under applicable tax laws; (iii) the Company, Canntab and the SpinCos operations, anticipated financial performance, business prospects and strategies; and, (iv) expectations for other economic, business and/or competitive factors.

Such forward-looking information reflects current beliefs of management of the Company and Canntab and is based on information currently available to them. Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of the Company and Canntab. Forward-looking information involves significant risks and uncertainties and should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not, or the times at which, or by which, such performance or results will be achieved. Readers are cautioned not to place undue reliance on such forward-looking statements.

The forward-looking statements contained in this Circular are based on numerous assumptions which may prove incorrect and which could cause actual results or events to differ materially from the forward-looking statements. Although these forward-looking statements are based upon what management of the Company and Canntab believe are reasonable assumptions, neither the Company nor Canntab can assure Shareholders that actual results will be consistent with this forward-looking information. Such assumptions include, but are not limited to, the assumptions set out in this Circular, as well as (i) that the Arrangement and the Acquisition will be completed in accordance with the terms and conditions of the Arrangement Agreement and the Amalgamation Agreement and other transaction documents and on the timelines contemplated by the Parties thereto, (ii) approvals will be obtained on the basis and timelines anticipated by the Parties, (iii) that the other conditions to the closing of the Arrangement and the Acquisition will be satisfied, and (iv) assumptions relating to general economic and market factors, including exchange rates, interest rates and the availability of equity and debt financing to the Resulting Issuer and the SpinCos.

These forward-looking statements may be affected by risks and uncertainties in the business of the Company, Canntab and the SpinCos and market conditions, including that the assumptions upon which the forward-looking statements in this Circular are based may be incorrect in whole or in part. Although the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Additional risks and uncertainties include, but are not limited to, (i) the risk that the Arrangement and the Acquisition may not close when planned or at all or on the terms and conditions set out in the Arrangement Agreement and the Amalgamation Agreement; (ii) the failure to obtain the approval of Telferscot Shareholders of the Arrangement Resolution and the Acquisition Resolution together with the other resolutions necessary to complete the Arrangement and the Acquisition; (iii) the failure to obtain the necessary Court approval, required in order to proceed with the Arrangement; and (iv) the completion of the Arrangement and the Acquisition. A detailed description of the risk factors affecting Canntab, the Resulting Issuer and the SpinCos are described in the section of this Circular entitled "Risk Factors". The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward-looking statements. Other risks and uncertainties not presently known to the Company and Canntab or that the Company and Canntab presently believe are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements.

These forward-looking statements are made as of the date of this Circular and, other than as specifically required by law, neither of the Company or Canntab assumes any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise, except as required by applicable Law.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as at February 21, 2018, unless otherwise noted.

No person has been authorized to give any information or to make any representation in connection with the Arrangement, the Capital Reduction, the SOP Approvals, the Acquisition, the Consolidation, the Name Change and the Board Change and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and Telferscot Shareholders are urged to consult their own professional advisers in connection therewith.

Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement as well as the Amalgamation Agreement are merely summaries of the terms of those documents. Telferscot Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement and the full text of the Amalgamation Agreement for complete details of those documents. The full text of the Arrangement Agreement is attached as Schedule "B" to this Circular and the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement. The full text of the Amalgamation Agreement is attached as Schedule "C" to this Circular.

INFORMATION PERTAINING TO CANNTAB

Certain information in this Circular pertaining to Canntab and the Resulting Issuer, including, but not limited to, information contained in Schedule "G" - "Information Concerning Canntab" and Schedule "H" - "Information Concerning the Resulting Issuer", including the historical consolidated financial statements of Canntab contained therein has been furnished by Canntab. Although the Company does not have any knowledge that would indicate that such information is untrue or incomplete, neither the Company nor any of its Directors or officers assumes any responsibility for the accuracy or completeness of such information including any of Canntab's financial statements,

or for the failure by Canntab to disclose events or information that may affect the completeness or accuracy of such information.

DISCLAIMERS

THE ARRANGEMENT AND THE ACQUISITION AS DESCRIBED HEREIN HAVE NOT BEEN APPROVED BY ANY SECURITIES REGULATORY AUTHORITY (INCLUDING, WITHOUT LIMITATION, ANY SECURITIES REGULATORY AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR ANY SECURITIES AUTHORITY OF ANY U.S. STATE), NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR OR UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT AND THE ACQUISITION. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

THE ARRANGEMENT AND THE TELFERSCOT CLASS A PREFERRED SHARES AND THE NEW COMMON SHARES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT AND THE DISTRIBUTABLE SHARES TO BE DISTRIBUTED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR THE SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Telferscot Class A Preferred Shares and New Common Shares to be issued to Telferscot Shareholders in exchange for their Telferscot Shares and the Distributed Shares to be distributed to Telferscot Shareholders all pursuant to the Arrangement have not been registered under the U.S. Securities Act or applicable state securities laws and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set out in Section 3(a)(10) thereof on the basis of the approval of the Court, and similar exemptions from registration under applicable state securities law. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on February 21, 2018 and, subject to the approval of the Arrangement by the Telferscot Shareholders, a hearing on the Arrangement will be held on March 26, 2018 at 10:00 a.m. (Eastern Time) or as soon as practicable thereafter. All Shareholders are entitled to appear and be heard at this hearing. The Final Order will constitute a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the Telferscot Class A Preferred Shares and New Common Shares to be issued to Telferscot Shareholders in exchange for their Common Shares and the Distributed Shares to be distributed to Telferscot Shareholders all pursuant to the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order. See the section of this Circular entitled “Securities Laws Matters – United States Securities Laws Matters”.

The solicitation of proxies in this Circular is not subject to the requirements of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers (as defined in Rule 3b-4 under the U.S. Exchange Act). Accordingly, this Circular has been prepared in accordance with the applicable disclosure requirements in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, which are different from the requirements applicable to proxy solicitations under the U.S. Exchange Act.

The financial statements and other financial information included or incorporated by reference in this Circular have been prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards

and thus may not be comparable to financial statements prepared in accordance with United States generally accepted accounting principles and United States auditing and auditor independence standards.

OTHER MATTERS

The enforcement by investors of civil liabilities under the United States Securities Laws may be affected adversely by the fact that the Company, Canntab, and the SpinCos are each organized under the laws of a jurisdiction outside the United States, that most of their respective officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and that all or a portion of the assets of the Company, Canntab and the SpinCos and such other persons may be located outside the United States. As a result, it may be difficult or impossible for Telferscot Shareholders resident in the United States to effect service of process within the United States upon the Company, Canntab and the SpinCos, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, Telferscot Shareholders resident in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

The Distributed Shares to be distributed to Telferscot Shareholders pursuant to the Arrangement will be freely transferable under U.S. Securities Laws, except by persons who are “affiliates” (as such term is understood under U.S. Securities Laws) of a particular SpinCo after the Effective Date, or were “affiliates” of any of the relevant entities within 90 days prior to the Effective Date. Persons who may be deemed to be “affiliates” of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Distributed Shares by such an “affiliate” (or former “affiliate”) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. See the section of this Circular entitled “Securities Laws Matters – United States Securities Laws Matters”.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by the Company, Canntab or the SpinCos.

NOTICE TO TELFERSCOT SHAREHOLDERS WITH RESPECT TO TAX CONSEQUENCES

Shareholders should be aware that the issuance to Telferscot Shareholders of Telferscot Class A Preferred Shares and New Common Shares and the distribution of the Distributed Shares all pursuant to the Arrangement and the exercise of Dissent Rights in respect of the Arrangement described herein may have tax consequences in both the United States and Canada. Telferscot Shareholders resident in the United States and other Non-Resident Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the Arrangement.

See the section of this Circular entitled “Income Tax Considerations - Certain Canadian Federal Income Tax Considerations”. Shareholders should contact their tax advisors to understand the tax implications.

REPORTING CURRENCY

In this document, unless otherwise specified, all references to “dollars” or “\$” or “CDN” are to Canadian dollars.

GLOSSARY OF TERMS

The following is a glossary of general terms and abbreviations used in this Circular:

“**ACB**” has the meaning ascribed to it under the heading “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”;

“**Acquisition**” means the acquisition by the Company of all of the issued and outstanding securities of Canntab in consideration for the issuance of Resulting Issuer Shares at the Amalgamation Ratio by way of a three cornered amalgamation in accordance with the terms of the Amalgamation Agreement;

“**Acquisition Resolution**” means the ordinary resolution to be considered by the Telferscot Shareholders to approve the Acquisition, the full text of which is set out in Schedule “A” to this Circular;

“**Adoption Notice**” has the meaning ascribed to under the heading “Rights of Dissent”;

“**Amalco**” means the entity formed on the amalgamation of Canntab and Subco in accordance with the Amalgamation Agreement to be named “Canntab Therapeutics Subsidiary Limited”;

“**Amalgamation Agreement**” means the agreement dated January 12, 2018 among the Company, SubCo and Canntab governing the Acquisition;

“**Amalgamation Ratio**” means four (4) Resulting Issuer Shares for each one (1) Canntab Share;

“**Applicable Laws**” means, in the context that refers to one or more Persons, means the Laws that apply to such Person or Persons or its or their business activities, undertakings, property, assets or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, activities, undertakings, property, assets or securities;

“**Arrangement**” means the arrangement pursuant to Section 192 of the CBCA pursuant to which the Company proposes to reorganize its business and assets, and which is set out in detail in the Plan of Arrangement;

“**Arrangement Agreement**” means the agreement dated effective February 16, 2018 between the Company, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7, the full text of which is set out in Schedule “B” to this Circular, and any amendments or variations thereto;

“**Arrangement Resolution**” means the special resolution to be considered by the Telferscot Shareholders to approve the Arrangement, the full text of which is set out in Schedule “A” to this Circular;

“**Assets**” means the assets of the Company to be transferred to SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 pursuant to the Arrangement, being the respective property and agreements described in this Circular under the heading “Matters To Be Acted Upon At the Meeting – 1. The Arrangement – Background to the Arrangement”;

“**Auxico**” means Auxico Resources Canada Inc.;

“**Assignment Agreement**” means the agreement between the Company and SpinCo7 pursuant to which all interest in the Auxico Litigation is being assigned to SpinCo7 in exchange for 25,000,000 SpinCo7 Shares and the assumption of approximately \$38,280 in liabilities of the Company incurred in respect of the transaction with Auxico;

“**Auxico Litigation**” means the litigation commenced by the Company against Auxico relating to the termination of a proposed transaction with Auxico in 2016;

“**Beneficial Shareholder**” means a Telferscot Shareholder who is not a Registered Shareholder;

“**Board**” means the board of directors of the Company;

“**Board Change**” means the election of Vitor Fonseca, Richard Goldstein, Sheldon Inwentash, Barry Polisuk and Jeff Renwick as directors of the Company if the Acquisition is completed;

“**Bright Mega**” means Bright Mega Capital Corporation;

“**Broadridge**” has the meaning ascribed to it in the section of this Circular entitled “General Proxy Information – Appointment and Revocation of Proxies”;

“**Business Day**” means a day which is not a Saturday, Sunday or statutory holiday in Toronto, Ontario;

“**Canadian Securities Laws**” means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations, and policies published or/or promulgated thereunder, as may be amended from time to time prior to the Effective Date;

“**Canntab**” means Canntab Therapeutics Limited;

“**Canntab Business**” means the research and development of the therapeutic formulations of Cannabinoids;

“**Canntab Options**” means the 470,000 options exercisable at \$1.00 per Canntab Share currently outstanding;

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

“**Canntab Shares**” means the common shares of Canntab;

“**Canntab Subscription Receipts**” means the 1,251,914 subscription receipts issued by Canntab in December of 2017 at \$4.00 per subscription receipt for gross proceeds of \$5,007,656 to be exchanged for Canntab Shares on a one for one basis immediately prior to the amalgamation of Subco and Canntab in accordance with the Amalgamation Agreement;

“**Canntab Warrants**” means the 380,250 warrants to acquire Canntab Shares exercisable at \$1.00 per Canntab Share and the 87,634 warrants to acquire Canntab Shares exercisable at \$4.00 per Canntab Share;

“**Capital Reduction**” means the reduction of the Company’s stated capital by up to \$3,039,628 to facilitate the Arrangement;

“**Capital Reduction Resolution**” means the special resolution to be considered by the Telferscot Shareholders to approve the Capital Reduction, the full text of which is set out in Schedule “A” to this Circular;

“**Capital Transfer**” means Capital Transfer Agency Inc.;

“**CBCA**” means the *Canada Business Corporations Act*, as may be amended or replaced from time to time;

“**CCEC**” means Canada Crypto Exchange Corp.;

“**Circular**” means this management information circular, including all schedules hereto and all enclosures herewith, sent to Telferscot Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

“**Consolidation**” means the consolidation of the New Shares on the basis of one (1) Resulting Issuer Share for each two hundred (200) New Shares;

“**Consolidation Resolution**” means the special resolution to be considered by the Telferscot Shareholders to approve the Consolidation, the full text of which is set out in Schedule “A” to this Circular;

“**Company**” or “**Telferscot**” means Telferscot Resources Inc.;

“**Court**” means the Superior Court of Justice of Ontario;

“**CRA**” means the Canada Revenue Agency;

“**Demand for Payment**” has the meaning ascribed to it under the heading “Rights of Dissent”;

“**Directors**” means the directors of the Company;

“**Dissenting Shareholder**” means a Registered Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Telferscot Shares in accordance with the Interim Order and the Plan of Arrangement;

“**Dissenting Shares**” means the Telferscot Shares in respect of which Dissenting Shareholders have exercised Dissent Rights;

“**Distributed Shares**” means the SpinCo1 Shares, the SpinCo2 Shares, the SpinCo3 Shares, the SpinCo4 Shares, the SpinCo5 Shares, the SpinCo 6 Shares and the SpinCo7 Shares distributed to the Telferscot Shareholders pursuant to the Arrangement;

“**Effective Date**” means the date upon which the Arrangement, the Acquisition, the Consolidation, the Name Change and the Board Change become effective;

“**Eligible Institution**” means, a Canadian Schedule I Chartered Bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

“**ERL**” means Enviro Resources Limited;

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

“**Exchange Factor**” means the number arrived at by dividing 2,500,000 by the number of issued Telferscot Shares as of the close of business on the Share Distribution Record Date. Assuming 125,000,000 Telferscot Shares outstanding on the Share Distribution Record Date, the Exchange Factor will be 0.02;

“**Final Order**” means the order of the Court, in form and substance satisfactory to each of the Parties, acting reasonably, approving the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of each of the Parties, acting reasonably) at any time prior to the Effective Date and which has not been appealed or in respect of which all applicable appeal periods have elapsed, or, if appealed, then unless such appeal is abandoned, withdrawn or denied, as affirmed or as amended (provided that any such amendment is satisfactory to each of the Parties, acting reasonably) on appeal the application for which is attached as Schedule “D” to this Circular;

“**HCC**” means Horizon Capital Corp.;

“**Holder**” has the meaning ascribed to it under the heading “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”;

“**IFRS**” means Canadian generally accepted accounting principles for publicly accountable enterprises, being International Financial Reporting Standards;

“**Interim Order**” means the order of the Court containing, among other things, declarations and directions in respect of the notice to be given and the conduct of the Meeting with respect to the Arrangement, as such order may be amended, modified, supplemented or varied by the Court with the consent of each of the Parties, acting

reasonably granted pursuant to the CBCA and dated February 21, 2018, a copy of which is attached as Schedule “D” to this Circular;

“**Intermediaries**” means brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

“**Laws**” means all laws, statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, notices, directions, and terms and conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the Exchange);

“**Livecare**” means Livecare Health Canada Inc.;

“**Management**” means management of the Company;

“**Meeting**” means the special meeting of the Telferscot Shareholders to be held on Thursday, March 22, 2018, and any adjournment(s) or postponement(s) thereof;

“**Meeting Materials**” has the meaning specified under the heading “General Proxy Information – Advice to Beneficial Shareholders”;

“**MI 61-101**” means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*;

“**MWC**” means My Wine Canada Inc.;

“**Name Change**” means the change of the Company’s name to “Canntab Therapeutics Limited”;

“**Name Change Resolution**” means the special resolution to be considered by the Telferscot Shareholders to approve the Name Change, the full text of which is set out in Schedule “A” to this Circular;

“**NCRI**” means New Cornubia Resources Inc.;

“**New Shares**” means the new class of common shares without par value which the Company will create pursuant to §3.1(b)(ii) of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Telferscot Shares;

“**Non-Registered Holder**” means a Shareholder who is not a Registered Shareholder.

“**Non-resident Holder**” has the the meaning ascribed to it under the heading “Income Tax Considerations - Certain Canadian Federal Income Tax Considerations”.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*;

“**NI-54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

“**Notice of Meeting**” means the notice of special meeting of the Telferscot Shareholders in respect of the Meeting;

“**OBCA**” means the *Business Corporations Act* (Ontario), as may be amended or replaced from time to time;

“**Objection Notice**” means a validly delivered and written objection to the Arrangement Resolution by a Registered Shareholder in accordance with the Rights of Dissent and as more particularly described under the section of this Circular entitled “Rights of Dissent”;

“**Offer to Pay**” has the meaning ascribed to it under the heading “Rights of Dissent”;

“**Parties**” means the Company, Canntab and Subco with respect to the Acquisition and the Company and the SpinCos with respect to the Arrangement;

“**Person**” means any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

“**Plan of Arrangement**” means the plan of arrangement attached as Schedule A to the Arrangement Agreement, which Arrangement Agreement is attached as Schedule “B” to this Circular, and any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order.

“**Proposed Amendments**” has the meaning ascribed to it under the heading “Income Tax Considerations - Certain Canadian Federal Income Tax Considerations”;

“**Proxy**” means the form of proxy accompanying this Circular;

“**Record Date**” means February 16, 2018;

“**Registered Plans**” means collectively, RRSPs, RRIFs, registered disability savings plans, deferred profit sharing plans, registered education savings plans and TFSAs;

“**Registered Shareholder**” means a registered holder of Telferscot Shares as recorded in the shareholder register of the Company maintained by Capital Transfer;

“**Regulations**” means the regulations under the Tax Act;

“**RESP**” means registered education savings plan for purposes of the Tax Act;

“**Resident Holder**” has the meaning ascribed to it under the heading “Income Tax Considerations – Canadian Federal Income Tax Considerations”;

“**Resulting Issuer**” means the Company following the completion of the Arrangement, the Capital Reduction, the Acquisition, the Consolidation, the Name Change and the Board Change;

“**Resulting Issuer Options**” means the 1,880,000 options to acquire Resulting Issuer Shares exercisable at \$0.25 per Resulting Issuer Share to be issued to the current holders of the Canntab Options pursuant to the Acquisition;

“**Resulting Issuer Shares**” means the common shares of the Company following the Arrangement and the Consolidation to be issued to the Canntab Shareholders at the Amalgamation Ratio pursuant to the Acquisition;

“**Resulting Issuer Warrants**” means the 1,521,000 warrants to acquire Resulting Issuer Shares exercisable at \$0.25 and 350,535 warrants to acquire Resulting Issuer Shares exercisable at \$1.00 per Resulting Issuer Shares to be issued to the current holders of the Canntab Warrants pursuant to the Acquisition;

“**Rights of Dissent**” means the rights of a Registered Shareholder to dissent in respect of the Arrangement as described in the Plan of Arrangement and the Interim Order;

“**ROFR**” means right of first refusal;

“**RRIF**” means registered retirement income fund for purposes of the Tax Act;

“**RRSP**” means registered retirement savings plan for purposes of the Tax Act;

“**SEC**” means the United States Securities and Exchange Commission;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

“**Share Distribution Record Date**” means the close of business on the day which is four Business Days after the date of the Meeting or such other day as agreed to by the Company, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7, which date establishes the Telferscot Shareholders who will be entitled to receive SpinCo1 Shares, SpinCo2 Shares, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 Shares pursuant to the Plan of Arrangement;

“**SOP Approvals**” means the approval of each of the SpinCo1 Stock Option Plan, the SpinCo2 Stock Option Plan, the SpinCo3 Stock Option Plan, the SpinCo4 Stock Option Plan, the SpinCo5 Stock Option Plan, the SpinCo6 Stock Option Plan and the SpinCo7 Stock Option Plan;

“**SOP Resolutions**” means the SpinCo1 Option Plan Resolution, the SpinCo2 Option Plan Resolution, the SpinCo3 Option Plan Resolution, the SpinCo4 Option Plan Resolution, the SpinCo5 Option Plan Resolution, the SpinCo6 Option Plan Resolution and the SpinCo7 Option Plan Resolution;

“**SOPs**” means the SpinCo1 Stock Option Plan, the SpinCo2 Stock Option Plan, the SpinCo3 Stock Option Plan, the SpinCo4 Stock Option Plan, the SpinCo5 Stock Option Plan, the SpinCo6 Stock Option Plan and the SpinCo7 Stock Option Plan;

“**SpinCo Financings**” means the SpinCo1 Financing, the SpinCo2 Financing, the SpinCo3 Financing, the SpinCo4 Financing, the SpinCo5 Financing, the SpinCo6 Financing and the SpinCo7 Financing;

“**SpinCos**” means collectively SpinCo 1, SpinCo2, SpinCo3, SpinCo 4, SpinCo5, SpinCo6 and SpinCo7 and “**SpinCo**” means any one of them;

“**SpinCo1**” means 10557404 Canada Corp., a private company incorporated under the CBCA;

“**SpinCo1 Financing**” means the issuance of up to 100,000 units priced at \$1.20 per unit for the gross proceeds of \$120,000 with each unit consisting of twenty (20) SpinCo1 Shares and one (1) SpinCo1 Preferred Share;

“**SpinCo1 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo1 Option Plan, the full text of which is set out in Schedule “A” to this Circular;

“**SpinCo1 Preferred Shares**” means the preferred shares without par value in the authorized share capital of SpinCo1. Each SpinCo1 Preferred Share is non-voting and redeemable for a period of six months from the closing of the SpinCo1 Financing. Each SpinCo1 Preferred Share is also convertible into one hundred (100) SpinCo1 Shares and fifty (50) SpinCo1 Warrants. If a holder of SpinCo1 Preferred Shares does not redeem those shares within the redemption period, those SpinCo1 Preferred Shares will be automatically converted;

“**SpinCo1 Shareholder**” means a holder of SpinCo1 Shares;

“**SpinCo1 Shares**” means the common shares without par value in the authorized share structure of SpinCo1, as constituted on the date of the Arrangement Agreement;

“**SpinCo1 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo1, which is subject to Telferscot Shareholder approval;

“**SpinCo1 Warrant**” means a warrant to acquire a SpinCo1 Share at a price of \$0.05 per SpinCo1 Share until the third anniversary of the closing of the SpinCo1 Financing;

“**SpinCo2**” means 10557501 Canada Corp., a private company incorporated under the CBCA;

“**SpinCo2 Financing**” means the issuance of up to 500,000 units priced at \$1.20 per unit for the gross proceeds of \$600,000 with each unit consisting of four (4) SpinCo2 Shares and one (1) SpinCo2 Preferred Share;

“**SpinCo2 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo2 Option Plan, the full text of which is set out in Schedule “A” to this Circular;

“**SpinCo2 Preferred Shares**” means the preferred shares without par value in the authorized share capital of SpinCo2. Each SpinCo2 Preferred Share is non-voting and redeemable for a period of six months from the closing of the SpinCo2 Financing. Each SpinCo2 Preferred Share is also convertible into twenty (20) SpinCo2 Shares and twenty (20) SpinCo2 Warrants. If a holder of SpinCo2 Preferred Shares does not redeem those shares within the redemption period, those SpinCo2 Preferred Shares will be automatically converted;

“**SpinCo2 Shareholder**” means a holder of SpinCo2 Shares;

“**SpinCo2 Shares**” means the common shares without par value in the authorized share structure of SpinCo2, as constituted on the date of the Arrangement Agreement;

“**SpinCo2 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo2, which is subject to Telferscot Shareholder approval;

“**SpinCo2 Warrant**” means a warrant to acquire a SpinCo2 Share at a price of \$0.05 per SpinCo2 Share until the first anniversary of the closing of the SpinCo2 Financing;

“**SpinCo3**” means 10557510 Canada Corp., a private company incorporated under the CBCA;

“**SpinCo3 Financing**” means the issuance of up to 150,000 units priced at \$1.20 per unit for the gross proceeds of \$180,000 with each unit consisting of four (4) SpinCo3 Shares and one (1) SpinCo3 Preferred Share;

“**SpinCo3 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo3 Option Plan, the full text of which is set out in Schedule “A” to this Circular;

“**SpinCo3 Preferred Shares**” means the preferred shares without par value in the authorized share capital of SpinCo3. Each SpinCo3 Preferred Share is non-voting and redeemable for a period of three months from the closing of the SpinCo3 Financing. Each SpinCo3 Preferred Share is also convertible into twenty(20) SpinCo3 Shares and twenty (20) SpinCo3 Warrants. If a holder of SpinCo3 Preferred Shares does not redeem those shares within the redemption period, those SpinCo3 Preferred Shares will be automatically converted;

“**SpinCo3 Shareholder**” means a holder of SpinCo3 Shares;

“**SpinCo3 Shares**” means the common shares without par value in the authorized share structure of SpinCo3, as constituted on the date of the Arrangement Agreement;

“**SpinCo3 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo3, which is subject to Telferscot Shareholder approval;

“**SpinCo3 Warrant**” means a warrant to acquire a SpinCo3 Share at a price of \$0.05 per SpinCo3 Share until the third anniversary of the closing of the SpinCo3 Financing;

“**SpinCo4**” means 10557536 Canada Corp., a private company incorporated under the CBCA;

“**SpinCo4 Financing**” means the issuance of up to 100,000 units priced at \$1.20 per unit for the gross proceeds of \$120,000 with each unit consisting of ten (10) SpinCo4 Shares and one (1) SpinCo4 Preferred Share;

“**SpinCo4 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo4 Option Plan, the full text of which is set out in Schedule “A” to this Circular;

“SpinCo4 Preferred Shares” means the preferred shares without par value in the authorized share capital of SpinCo4. Each SpinCo4 Preferred Share is non-voting and redeemable for a period of one month from the closing of the SpinCo4 Financing. Each SpinCo4 Preferred Share is also convertible into fifty (50) SpinCo4 Shares and twenty-five (25) SpinCo4 Warrants. If a holder of SpinCo4 Preferred Shares does not redeem those shares within the redemption period, those SpinCo4 Preferred Shares will be automatically converted;

“SpinCo4 Shareholder” means a holder of SpinCo4 Shares;

“SpinCo4 Shares” means the common shares without par value in the authorized share structure of SpinCo4, as constituted on the date of the Arrangement Agreement;

“SpinCo4 Stock Option Plan” means the proposed common share purchase option plan of SpinCo4, which is subject to Telferscot Shareholder approval;

“SpinCo4 Warrant” means a warrant to acquire a SpinCo4 Share at a price of \$0.05 per SpinCo4 Share until the first anniversary of the closing of the SpinCo4 Financing;

“SpinCo5” means 10557544 Canada Corp., a private company incorporated under the CBCA;

“SpinCo5 Financing” means the issuance of up to 100,000 units priced at \$1.20 per unit for the gross proceeds of \$120,000 with each unit consisting of twenty (20) SpinCo5 Shares and one (1) SpinCo5 Preferred Share;

“SpinCo5 Option Plan Resolution” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo5 Option Plan, the full text of which is set out in Schedule “A” to this Circular;

“SpinCo5 Preferred Shares” means the preferred shares without par value in the authorized share capital of SpinCo5. Each SpinCo5 Preferred Share is non-voting and redeemable for a period of three months from the closing of the SpinCo5 Financing. Each SpinCo5 Preferred Share is also convertible into one hundred (100) SpinCo5 Shares and fifty (50) SpinCo5 Warrants. If a holder of SpinCo5 Preferred Shares does not redeem those shares within the redemption period, those SpinCo5 Preferred Shares will be automatically converted;

“SpinCo5 Shareholder” means a holder of SpinCo5 Shares;

“SpinCo5 Shares” means the common shares without par value in the authorized share structure of SpinCo5, as constituted on the date of the Arrangement Agreement;

“SpinCo5 Stock Option Plan” means the proposed common share purchase option plan of SpinCo5, which is subject to Telferscot Shareholder approval;

“SpinCo5 Warrant” means a warrant to acquire a SpinCo5 Share at a price of \$0.05 per SpinCo5 Share until the first anniversary of the closing of the SpinCo5 Financing;

“SpinCo6” means 10557633 Canada Corp., a private company incorporated under the CBCA;

“SpinCo6 Financing” means the issuance of up to 105,000 units priced at \$1.20 per unit for the gross proceeds of \$126,000 with each unit consisting of four (4) SpinCo6 Share and one (1) SpinCo6 Preferred Share;

“SpinCo6 Option Plan Resolution” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo6 Option Plan, the full text of which is set out in Schedule “A” to this Circular;

“SpinCo6 Preferred Shares” means the preferred shares without par value in the authorized share capital of SpinCo6. Each SpinCo6 Preferred Share is non-voting and redeemable for a period of ten months from the closing of the SpinCo6 Financing. Each SpinCo6 Preferred Share is also convertible into twenty (20) SpinCo6 Shares and twenty (20) SpinCo6 Warrants. If a holder of SpinCo6 Preferred Shares does not redeem those shares within the redemption period, those SpinCo6 Preferred Shares will be automatically converted;

“**SpinCo6 Shareholder**” means a holder of SpinCo6 Shares;

“**SpinCo6 Shares**” means the common shares without par value in the authorized share structure of SpinCo6, as constituted on the date of the Arrangement Agreement;

“**SpinCo6 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo6, which is subject to Telferscot Shareholder approval;

“**SpinCo6 Warrant**” means a warrant to acquire a SpinCo6 Share at a price of \$0.05 per SpinCo6 Share until the first anniversary of the Closing of the SpinCo6 Financing;

“**SpinCo7**” means 10617059 Canada Corp., a private company incorporated under the CBCA;

“**SpinCo7 Financing**” means the issuance of up to 10,000 units priced at \$1.20 per unit for the gross proceeds of \$12,000 with each unit consisting of two hundred (200) SpinCo7 Shares and one (1) SpinCo7 Preferred Share;

“**SpinCo7 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo7 Option Plan, the full text of which is set out in Schedule “A” to this Circular;

“**SpinCo7 Preferred Shares**” means the preferred shares without par value in the authorized share capital of SpinCo7. Each SpinCo7 Preferred Share is non-voting and redeemable for a period of three months from the closing of the SpinCo7 Financing. Each SpinCo7 Preferred Share is also convertible into one thousand (1,000) SpinCo7 Shares and five hundred (500) SpinCo7 Warrants. If a holder of SpinCo7 Preferred Shares does not redeem those shares within the redemption period, those SpinCo7 Preferred Shares will be automatically converted;

“**SpinCo7 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo7, which is subject to Telferscot Shareholder approval;

“**SpinCo7 Shareholder**” means a holder of SpinCo7 Shares;

“**SpinCo7 Shares**” means the common shares without par value in the authorized share structure of SpinCo7, as constituted on the date of the Arrangement Agreement;

“**SpinCo7 Warrant**” means a warrant to acquire a SpinCo7 Share at a price of \$0.03 per SpinCo7 Share until the third anniversary of the closing of the SpinCo7 Financing;

“**Subco**” means 2611780 Ontario Inc., a wholly-owned subsidiary of the Company to be utilized to complete the Acquisition;

“**Tax Act**” means the *Income Tax Act* (Canada), as may be amended, or replaced, from time to time;

“**Telferscot Class A Shares**” means the renamed and re-designated Telferscot Shares described in §3.1(b)(i) of the Plan of Arrangement;

“**Telferscot Class A Preferred Shares**” means the Class A preferred shares without par value which will be created and issued pursuant to §3.1(b)(iii) of the Plan of Arrangement;

“**Telferscot Shareholder**” means a holder of Telferscot Shares;

“**Telferscot Shares**” means the common shares without par value in the authorized share structure of the Company, as constituted on the date of the Arrangement Agreement;

“**TFSA**” means a tax free savings account for purposes of the Tax Act;

“**Transactions**” means the Amalgamation, the Capital Reduction, the SOP Approvals, the Acquisition, the Consolidation, the Name Change and the Board Change;

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

“**U.S. Exchange Act**” means, the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

“**U.S. Securities Act**” means, the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**U.S. Securities Laws**” means the federal and state securities legislation of the United States including the U.S. Exchange Act and the U.S. Securities Act; and

“**Voting Instruction Form**” has the meaning ascribed to it under the heading “General Proxy Information – Advice to Beneficial Shareholders”.

SUMMARY

The following is a summary of the information contained elsewhere in this Circular concerning a proposed reorganization of the Company by way of: (i) the Arrangement as well as the Capital Reduction and SOP Approvals; and (ii) the Acquisition as well as the Consolidation, the Name Change and the Board Change. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms above. This summary is qualified in its entirety by the more detailed information and financial statements appearing or referred to elsewhere in this Circular and the schedules attached hereto.

THE MEETING

The Meeting will be held in the offices of Gardiner Roberts LLP, Suite 3600, 22 Adelaide Street West, Toronto, Ontario, on Thursday, March 22, 2018 at 10:00 a.m. (Toronto time). At the Meeting, the Telferscot Shareholders will be asked, to consider and, if thought fit, to pass: (i) the Arrangement Resolution approving the Arrangement among the Company, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6, SpinCo7 and the Telferscot Shareholders; (ii) the Capital Reduction Resolution to effect the Capital Reduction; (iii) the SOP Resolutions to approve the SOP for each SpinCo; (iv) the Acquisition Resolution approving the Acquisition; (v) the Consolidation Resolution approving the Consolidation; (vi) the Name Change Resolution approving the Name Change; and (vii) the Board Change.

The Arrangement will consist of the distribution of SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to the Telferscot Shareholders. The Capital Reduction will permit the reduction of the Company’s stated capital sufficiently to facilitate the completion of the Arrangement in accordance with section 192(2)(b) of the CBCA. The SOP Approvals will result in each SpinCo having the ability to grant options.

The Acquisition will consist of a three-cornered amalgamation among the Company, Subco and Canntab pursuant to which the Company will issue: (i) Resulting Issuer Shares to the Canntab Shareholders, (ii) Resulting Issuer Options to holders of the Canntab Options, and (iii) Resulting Issuer Warrants to holders of the Canntab Warrants, all at the Amalgamation Ratio and with appropriate adjustments to the exercise prices of the Canntab Options and Canntab Warrants. The completion of the Consolidation, the Name Change and the Board Change are conditions precedent to the completion of the Acquisition as is the completion of the Arrangement.

By passing each of the Arrangement Resolution, the Capital Reduction Resolution, the SOP Resolutions, the Acquisition Resolution, the Consolidation Resolution, the Name Change Resolution and the Board Change, the Telferscot Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement, the Capital Reduction, the adoption of the SOPs, the

Acquisition, the Consolidation, the Name Change and the Board Change without any requirement to seek or obtain any further approval of the Telferscot Shareholders.

THE ARRANGEMENT

Background

The Company is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba and Ontario and has the following assets (the “Assets”) in addition to the Amalgamation Agreement with Canntab:

Bright Mega Capital Corp.

The Company has a Letter of Intent with Bright Mega Capital Corporation of Markham, Ontario to find several target acquisitions in blockchain and crypto currency mining and trading. Bright Mega is a markets development advisor to several privately held Canadian and international blockchain companies looking for development and expansion funding. The LOI calls for the Company to provide a minimum of \$500,000 of equity investment to acquire a control stake in a new Canadian-based crypto currency exchange and blockchain mining business.

Following completion of the proposed Plan of Arrangement, SpinCo1 will acquire the right of first refusal (“ROFR”) on the equity placements Bright Mega negotiates with its advisory companies, such ROFR will be subject to fulsome and completed due diligence. The Company’s current obligations under the Letter of Intent with Bright Mega which will become the obligations of SpinCo1, are proof of funding and conditional approval of a prospective public listing on a recognized exchange both of which terms are to the sole satisfaction of Bright Mega.

Horizon Capital Corp.

The Company has a Letter of Intent with Horizon Capital Corp.(“HCC”) of Vancouver, BC to assume HCC’s option to acquire Livecare Health Canada Inc. (“Livecare”). Livecare is a Canadian company founded and operated by doctors dedicated to giving patients access to quality, real-time healthcare, regardless of where they are located. By offering patients the option to use Telehealth, wait and travel times are decreased or eliminated completely, allowing for invaluable timely diagnosis and triage. Livecare’s mission is to develop and implement self-sustaining patient centered community and international telemedicine programs. Livecare’s primary focus is to assist in solving the disparate physician services shortfall in rural communities with urban physician services. Livecare’s aim is to provide access to health care to all patients, increase the quality of health delivery by providing timely diagnosis and treatment, and reduce the expense to patients, communities, insurance providers and employers by avoiding needless travel costs and absent work days for primary and specialty medical services.

The Letter of Intent with HCC provides for a 60 day exclusive period for the Company to complete due diligence on Livecare and to work with HCC to agree a binding agreement for the acquisition of Livecare,

Canada Crypto Exchange Corp.

The Company has signed a Letter of Intent to acquire Canada Crypto Exchange Corp. (“CCEC”), the parent company of CCX, a Canadian-based crypto currency exchange platform. CCEC has developed its exchange platform in partnership with ACX Tech Pty. Ltd of Perth, Australia and Blockchain Global Ltd. of Melbourne, Australia. The Letter of Intent with CCEC provides for a 180-day exclusive period of cooperation between the Company and CCEC to negotiate terms of the acquisition, launch the CCX platform in Canada and secure the necessary funding for development and marketing of the CCEC business plan.

The Company has further agreed general terms of acquisition of CCEC in a Letter of Agreement dated February 8, 2018. This Agreement will provide the basis of negotiation on a formal Acquisition Agreement and provides a deadline for completion of a definitive agreement by April 15, 2018. There are numerous conditions precedent to completion to the benefit of both CCEC or the Company. The Letter of Agreement and subsequent definitive agreement will be subject to completion of the proposed Plan of Arrangement.

Online Cannabis Sales Platform Letter of Intent

The Company has an agreement with My Wine Canada Inc. (“MWC”), a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers to Canadian consumers. MWC is looking for a joint-venture partner to fund the development and deployment of a new site for the regulated sales of cannabis in Canada.

MWC brings a unique asset to the high-flying world of soon-to-be-legalised marijuana sales in Canada. That is, their ability to provide an industry wide platform to sell and market a product that must be purchased and shipped directly between the seller and the buyer. That is to say, typical online sales platforms cannot currently provide access to the cannabis sector as they typically process the payments and act as an intermediary between the endpoints of seller and buyer. In doing so, a typical online platform would technically (and legally) become the owner of the product and thus, in the cannabis space, risks the potential of dealing in a regulated substance.

MWC’s unique business model has been proven in the Canadian wine and spirits industry where they are the only fully legal, third-party way for Canadians to purchase wine and spirits from Canadian producers – outside of the government run distribution systems of most Canadian provinces.

MWC has been working with the Cannabis Growers Association of Canada and has been pre-qualified by the National Research Council for funding through its iRAP program to migrate their technology and platform development to the cannabis sector.

Gold Exploration and Delineation in Central America

The Company has signed a Letter of Intent with New Cornubia Resources Inc. (“NCRI”) to source, define and evaluate gold exploration projects in Central America. The Company has entered into discussion with several possible acquisitions as a result of this Letter of Intent, but as yet has not come to terms acceptable to the Company. Notwithstanding, the Company believes that a strategic acquisition in the gold exploration sector is imminent and as such has committed to NCRI to continue the venture and has secured minimal funding to complete its project evaluation work.

Enviro Resources Limited

The Company has signed a Memorandum of Understanding with Enviro Resources Limited (“ERL”) to cooperate with ERL on the acquisition and development of environmentally-beneficial consumer, commercial and products. ERL has successfully acquired, progressed and commercialized products in this sector over the past 5 years and is looking for a strategic partner to fund new opportunities.

Following completion of the proposed Plan of Arrangement, the SpinCo6 will acquire the right of first refusal (“ROFR”) to fund ERL products and acquisitions. Any transaction with ERL will be subject to a fulsome and complete due diligence process to the complete satisfaction of the Company. The Company’s obligations under the Memorandum of Understanding with ERL which will become the obligations of SpinCo6 are proof of funding and conditional approval of a prospective public listing on a recognized exchange both of which terms are to the sole satisfaction of ERL.

Auxico Litigation

Pursuant to the transaction agreement entered into between the Company and Auxico, the Company was entitled to receive a \$150,000 break fee if Auxico failed to fulfill its obligations under the transaction agreement. When the transaction was terminated at the end of 2016, Auxico failed to pay the required break fee and the Company commenced litigation in the province of Quebec. Documents have been exchanged and the Company is currently waiting for a trial date to be scheduled.

On January 12, 2018, the Company entered into the Amalgamation Agreement with Canntab Therapeutics Inc., a private company incorporated under the laws of Ontario which carries on the Canntab Business and Subco. The

Amalgamation Agreement provides that the Company will, as a condition precedent to the completion of the Acquisition, transfer all rights, interests and claims in respect of the Auxico Litigation described above to a new entity.

The Arrangement has been proposed to permit the existing Telferscot Shareholders to receive any benefits that may accrue in respect of the Auxico Litigation. In addition, following the termination of the transaction agreement with Auxico at the end of 2016, the Company had been actively pursuing several potential transactions to unlock value for the Telferscot Shareholders. Several of these have progressed to a stage where they represent a viable business opportunity and are described above. As the Company had decided to undertake the Arrangement to address the requirement that the Auxico Litigation be transferred out of the Company, Management decided to expand the Arrangement to allow the existing Telferscot Shareholders to benefit from these additional opportunities should they continue to develop. In addition to transferring all of its interests in the Assets to the SpinCos, the Company has been sourcing participants for each of the SpinCo Financings to provide sufficient capital to progress the Assets being assigned and allow each SpinCo to maintain their status as a reporting issuer for at least one year. All SpinCo Financings are anticipated to be completed prior to the Effective Date. For additional information on the SpinCo Financings, please see the section of this Circular entitled “Matters To Be Acted Upon At The Meeting – 1. The Arrangement – SpinCo Financings”. The Company believes that the Arrangement offers a number of benefits to shareholders, a few of which are set out below:

1. the Company believes that the Acquisition will enhance shareholder value by providing Telferscot Shareholders the opportunity to participate in the Canntab Business, as well as enabling the Company to maintain its status as a trading, public reporting entity to facilitate capital raising and better absorb the risks and expenses of operating in the highly competitive cannabis industry and the removal of the Assets from the Company is a condition to the completion of the Acquisition;
2. by creating subsidiaries which will acquire the Company’s existing Assets and become separate reporting entities, the Company will be better able to pursue different specific initiatives the Company was developing throughout 2017 following the termination of the transaction with Auxico.
3. in assigning a value to the Company during the negotiations in respect of the Acquisition, Canntab did not give any credit to the value of the other Assets of Telferscot. The Arrangement will permit the current Telferscot Shareholders to receive some of the benefits that may accrue from these Assets;
4. after the separation, each SpinCo will also have the flexibility to pursue the Assets assigned to it; and
5. if the SpinCo Financings are completed, each of the SpinCos will have adequate funding to pursue the business initiative being assigned to it for the first year.

Steps to the Arrangement

Pursuant to the Arrangement,

1. Telferscot will transfer to SpinCo1 all of Telferscot’s interest in and to the assets described in the Letter of Intent with Bright Mega in exchange for 12,500,000 SpinCo1 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date;
2. Telferscot will transfer to SpinCo2 all of Telferscot’s interest in and to the assets described in the Letter of Intent with HCC in exchange for 2,500,000 SpinCo2 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date;
3. Telferscot will transfer to SpinCo3 all of Telferscot’s interest in and to the assets described in the Letter of Intent with CCEC in exchange for 2,500,000 SpinCo3 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date;

4. Telferscot will transfer to SpinCo4 all of Telferscot's interest in and to the assets described in the Letter of Intent with MWC in exchange for 2,500,000 SpinCo4 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date;
5. Telferscot will transfer to SpinCo5 all of Telferscot's interest in and to the assets described in the Letter of Intent with NCRI in exchange for 12,500,000 SpinCo5 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date;
6. Telferscot will transfer to SpinCo6 all of Telferscot's interest in and to the assets described in the Memorandum of Understanding with ERL in exchange for 2,500,000 SpinCo6 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date; and
7. Telferscot will transfer to SpinCo7 the Auxico Litigation in exchange for 25,000,000 SpinCo7 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date and the assumption of approximately \$38,280 in liabilities of the Company related to the transaction with Auxico.

Each Telferscot Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will, immediately after the Arrangement, hold one New Share in the capital of the Company and its *pro-rata* share of the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to be distributed under the Arrangement for each currently held Telferscot Share. There are 125,000,000 Telferscot Shares currently outstanding. The New Shares will be identical in every respect to the present Telferscot Shares. See the section of this Circular entitled "The Arrangement - Details of the Arrangement".

Recommendation and Approval of the Board of Directors

The directors of the Company have concluded that the terms of the Arrangement are fair and reasonable to, and in the best interests of, the Company and the Telferscot Shareholders. The Board has therefore approved the Arrangement and authorized the submission of the Arrangement to the Telferscot Shareholders and the Court for approval. The Board recommends that Telferscot Shareholders vote FOR the approval of the Arrangement. See the section of this Circular entitled "The Arrangement - Recommendation of Directors".

Reasons for the Arrangement

The decision to proceed with the Arrangement was based on the following primary determinations:

1. since incorporation, the Company's primary focus has been the exploration and development of resource properties. Following the sale of the residual interest in its operating assets in early 2016, the Company actively sought alternate transactions. In 2016, the Company entered into an agreement with Auxico which was terminated at the end of 2016. Over the course of 2017, the Company was presented with several potentially accretive transactions which the Company was actively considering. When presented with the opportunity to change its business and acquire Canntab, management of the Company determined that it would be in the best interests of the Company to proceed with the Arrangement so that Telferscot Shareholders would still have the opportunity to benefit from the other opportunities that had been presented to and were being developed by Management before completing the Acquisition. The formation of SpinCo1 to assume the Letter of Intent with Bright Mega, the formation of SpinCo2 to assume the Letter of Intent with HCC, the formation of SpinCo3 to assume the Letter of Intent with CCEC, the formation of SpinCo4 to assume the Letter of Intent with MWC, the formation of SpinCo5 to assume the Letter of Intent with NCRI, the formation of SpinCo6 to assume the Memorandum of Understanding with ERL and the formation of SpinCo7 to assume the Auxico Litigation, will allow Telferscot Shareholders to benefit if these opportunities develop and at the same time enable the completion of the Acquisition;
2. following the Arrangement and the Acquisition, management of the Company will consist of a strong executive team with significant experience, knowledge and connections in the cannabis industry and the

Canntab Business, and management of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 will be free to focus on developing the assets described in each of the Letter of Intent with Bright Mega, the Letter of Intent with HCC, the Letter of Intent with CCEC, the Letter of Intent with MWC, the Letter of Intent with NCRI and the Memorandum of Understanding with ERL and pursue the Auxico Litigation respectively;

3. the formation of SpinCo1 and the distribution of 12,500,000 SpinCo1 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with Bright Mega. SpinCo1 is also undertaking the SpinCo1 Financing to raise \$120,000;
4. the formation of SpinCo2 and the distribution of 2,500,000 SpinCo2 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with HCC. SpinCo2 is also undertaking the SpinCo2 Financing to raise \$600,000;
5. the formation of SpinCo3 and the distribution of 2,500,000 SpinCo3 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with CCEC. SpinCo3 is also undertaking the SpinCo3 Financing to raise \$180,000;
6. the formation of SpinCo4 and the distribution of 2,500,000 SpinCo4 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with MWC. SpinCo4 is also undertaking the SpinCo4 Financing to raise \$120,000;
7. the formation of SpinCo5 and the distribution of 12,500,000 SpinCo5 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with NCRI. SpinCo5 is also undertaking the SpinCo5 Financing to raise \$120,000;
8. the formation of SpinCo6 and the distribution of 2,500,000 SpinCo6 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Memorandum of Understanding with ERL. SpinCo6 is also undertaking the SpinCo6 Financing to raise \$126,000;
9. the formation of SpinCo7 and the distribution of 25,000,000 SpinCo7 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the Auxico Litigation. SpinCo7 is also undertaking the SpinCo7 Financing to raise \$12,000. The SpinCo7 Financing is for less than for the other entities in anticipation of SpinCo7 receiving proceeds from the Auxico Litigation to funds its operations and seek additional business opportunities;

See the section of this Circular entitled “Matters To Be Acted Upon At The Meeting – 1. The Arrangement - Reasons for the Arrangement”.

Shareholder Approval of the Arrangement

The Interim Order provides that in order for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least $66\frac{2}{3}$ rds of the eligible votes cast with respect to the Arrangement Resolution by Telferscot Shareholders present in person or by proxy at the Meeting. See the section of this Circular entitled “Matters To Be Acted Upon At the Meeting – 1. The Arrangement – Shareholder Approval”.

Court Approval of the Arrangement

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court.

The Notice of Hearing of Petition for the Final Order is attached to the Notice of Meeting. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the Telferscot Shareholders. The Court will also be advised that based on the Court's approval of the Arrangement, the Company, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 will rely on an exemption from registration pursuant to Section 3(a)(10) of the U.S. Securities Act for the issuance of the New Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to any United States based Telferscot Shareholders. Assuming approval of the Arrangement by the Telferscot Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 10:00 a.m. (Toronto time) on or after March 26, 2018, at the Courthouse located at 330 University Avenue, Toronto, Ontario, or at such other date and time as the Court may direct. At this hearing, any Telferscot Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements. See the section of this Circular entitled "Matters To Be Acted Upon At The Meeting – 1. The Arrangement - Court Approval of the Arrangement".

Income Tax Considerations for the Arrangement

Canadian Federal income tax considerations for Telferscot Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the section of this Circular entitled "Income Tax Considerations - Certain Canadian Federal Income Tax Considerations", and certain United States Federal income tax considerations for Telferscot Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the section of this Circular entitled "Income Tax Considerations - Certain U.S. Federal Income Tax Considerations".

Telferscot Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances.

Right to Dissent to the Arrangement

Telferscot Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and section 190 of the CBCA. Any Telferscot Shareholder who dissents will be entitled to be paid in cash the fair value for their Telferscot Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its Telferscot Shares in favour of the Arrangement Resolution; (ii) provides to the Company written objection to the Plan of Arrangement to the Company's head office at Suite 2701, 401 Bay Street, Toronto, Ontario M5H 2Y4, email: stephen@grovecapitalgroup.com by 5:00 p.m. on March 20, 2018 or by 5:00 p.m. on the second Business Day before the resumption of Meeting following any postponement or adjournment thereof; and, (iii) otherwise complies with the requirements of the Plan of Arrangement and section 190 of the CBCA. See the section of this Circular entitled "Right to Dissent".

Supporting Resolutions to the Arrangement

Capital Reduction

In order to complete the Arrangement in accordance with the requirements of the CBCA, it may be necessary for the Company to reduce its stated capital to comply with the solvency requirements of the CBCA. Telferscot Shareholders will be asked to approve the Capital Reduction Resolution by at least 66%rds of the eligible votes cast by Telferscot Shareholders present in person or by proxy at the Meeting with such Capital Reduction to be implemented to the extent necessary to complete the Arrangement.

Stock Option Plans

Each SpinCo will be a reporting issuer following the completion of the Arrangement. In order to facilitate each SpinCo granting stock options as compensation while cash resources are limited, Telferscot Shareholders will be asked to approve the SOP Resolutions authorizing the adoption of a stock option plan for each SpinCo.

THE ACQUISITION

Background to the Acquisition

Following the termination of the transaction with Auxico at the end of 2016, the Company was actively seeking an alternative transaction to provide value for the Telferscot Shareholders. The Company entered into negotiations with Canntab in the fall of 2016 to undertake a business combination whereby the Company would acquire all of the issued and outstanding securities of Canntab in exchange for securities of the Company. On November 23, 2017, the Company and Canntab entered into a Letter of Intent outlining the proposed transaction which was subsequently superseded and replaced by the Amalgamation Agreement.

Pursuant to the Amalgamation Agreement, the Company will acquire the 4,713,000 Canntab Shares, currently outstanding and the 1,251,914 Canntab Shares to be issued on the conversion of the Canntab Subscription Receipts in exchange for 23,859,656 Resulting Issuer Shares following the consolidation. The Company will also acquire the Canntab options in exchange for Resulting Issuer Options and the Canntab Warrants in exchange for Resulting Issuer Warrants on the completion of the Acquisition. Telferscot Shareholders will hold approximately 2.55% of the outstanding Resulting Issuer Shares and 2.21% on a fully diluted basis.

Recommendation and Approval of the Board of Directors

The directors of the Company have concluded that the terms of the Acquisition are fair and reasonable to, and in the best interests of, the Company and the Telferscot Shareholders. The Board has therefore approved the Acquisition. The Board recommends that Telferscot Shareholders vote FOR the approval of the Arrangement. See the section of this Circular entitled “The Acquisition - Recommendation of Directors”.

Reasons for the Acquisition

In the course of their evaluations of the Acquisition, the Board consulted with Management and legal counsel and reviewed an extensive amount of information. The conclusions and recommendations of the Board are based upon the following factors, among others:

1. Telferscot Shareholders will benefit from the opportunity to participate in the Canntab Business and benefit from Canntab’s experienced board of directors and strong business opportunities;
2. Telferscot Shareholders will be able to participate, as shareholders of the Resulting Issuer in the Canntab Business;
3. enhanced market liquidity as a result of a significantly larger market capitalization and expanded shareholder base; and,
4. the Resulting Issuer, assuming completion of the Acquisition, will be a stronger company than Telferscot or Canntab alone.

Shareholder Approval for the Acquisition

As the Acquisition represents a fundamental change to the business of Telferscot, the rules of the Exchange require that the Company obtain approval of the Telferscot Shareholders by way of a simple majority of the eligible votes cast with respect to the Acquisition Resolution by Telferscot Shareholders present in person or by proxy at the

Meeting. See the section of this Circular entitled “Matters To Be Acted Upon At The Meeting – 4. The Acquisition – Shareholder Approval”

Supporting Resolutions to the Arrangement

The Consolidation

In order to complete the Acquisition in accordance with the requirements of the Amalgamation Agreement, it is necessary for the Company to complete the Consolidation on the basis of one (1) New Common Share following the completion of the Arrangement for each two hundred (200) currently outstanding Telferscot Shares. Telferscot Shareholders will be asked to approve the Consolidation Resolution by at least $66\frac{2}{3}$ rd of the eligible votes cast by Telferscot Shareholders present in person or by proxy at the Meeting.

The Name Change

In order to complete the Acquisition in accordance with the requirements of the Amalgamation Agreement, it is necessary for the Company to complete the Name Change Resolution by changing the name of the Company to “Canntab Therapeutics Limited”. Telferscot Shareholders will be asked to approve the Name Change Resolution by at least $66\frac{2}{3}$ rd of the eligible votes cast by Telferscot Shareholders present in person or by proxy at the Meeting.

The Board Change

In order to complete the Acquisition in accordance with the requirements of the Amalgamation Agreement, it is necessary for the Company to complete the Board Change to elect directors of the Resulting Issuer Vitor Fonseca, Richard Goldstein, Sheldon Inwentash, Barry Polisuk and Jeff Renwick as directors of the Resulting Issuer of the Company if the Acquisition is completed. Telferscot Shareholders will be asked to approve the election of the above noted individuals by way of a simple majority of the eligible votes cast by Telferscot Shareholders present in person or by proxy at the Meeting.

SUMMARY INFORMATION ON THE RESULTING ISSUER AND THE SPINCOS

Information Concerning the Resulting Issuer After the Arrangement and the Acquisition

Following completion of the Arrangement and the Acquisition, the Resulting Issuer will carry on the Canntab Business. The Company has applied to the Exchange to have the Resulting Issuer Shares conditionally listed on the Exchange, subject to the completion of the Arrangement and the Acquisition. As of the date hereof, the Exchange has not yet granted conditional approval. Each Telferscot Shareholder will continue to be a shareholder of the Resulting Issuer with each two hundred currently held Telferscot Shares representing one Resulting Issuer Share in the capital of the Resulting Issuer. See Schedule “H” “Information Concerning the Resulting Issuer” for a summary description of the Resulting Issuer assuming completion of the Arrangement, the Capital Reduction, the Acquisition, the Consolidation, the Name Change and Board Change including selected pro-forma unaudited financial information for the Resulting Issuer.

Selected Unaudited *Pro-forma* Financial Information for the Resulting Issuer

The following selected unaudited *pro-forma* financial information for the Resulting Issuer is based on the assumptions described in the notes to the Company’s unaudited *pro-forma* balance sheet as at September 30, 2017, attached as Schedule “K” to this Circular. The *pro-forma* balance sheet has been prepared based on the assumption that, among other things, the Arrangement, the Capital Reduction, the Acquisition, the Consolidation, the Name Change and the Board Change had occurred on September 30, 2017.

	<i>Pro-forma as at September 30, 2017 on completion of the Arrangement and the Acquisition</i>
	(unaudited)
Cash and cash equivalents	4,488
Total assets	4,488
Share capital	3,039,629
Deficit	(3,352,851)
Total liabilities and shareholders' equity	(74,668)

Information Concerning SpinCo1 after the Arrangement

Pursuant to the Arrangement, each Telferscot Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the 12,500,000 SpinCo1 Shares to be distributed to such Telferscot Shareholders under the Arrangement.

Following completion of the Arrangement, SpinCo1 will be a reporting issuer in the jurisdictions of British Columbia, Alberta, Manitoba and Ontario, the shareholders of which will be the holders of Telferscot Shares on the Share Distribution Record Date. SpinCo1 will have all of Telferscot's interest in the Letter of Intent with Bright Mega and, assuming completion of the SpinCo1 Financing, cash of approximately \$120,000 less its pro rata share of the costs of the Arrangement. See the section of this Circular entitled "SpinCo1 After the Arrangement" for a description of the Letter of Intent with Bright Mega, corporate structure and business, including selected *pro-forma* unaudited financial information of SpinCo1 assuming completion of the Arrangement and the SpinCo1 Financing.

Selected Unaudited *Pro-forma* Financial Information for SpinCo1

In connection with the Arrangement, the Company will transfer the Letter of Intent with Bright Mega to SpinCo1.

The following selected unaudited *pro-forma* financial information for SpinCo1 is based on the assumptions described in the notes to the SpinCo1 unaudited *pro-forma* balance sheet as at December 31, 2017, attached as Schedule "L" to this Circular. The *pro-forma* balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the SpinCo1 Financing had occurred on December 31, 2017.

	<i>Pro-forma as at December 31, 2017 on completion of the Arrangement</i>
	(unaudited)
Cash	120,000
LOI	1
Total assets	120,001
Share capital	120,001
Deficit	(9,500)
Total liabilities and shareholders' equity	110,501

Information Concerning SpinCo2 After the Arrangement

Pursuant to the Arrangement, each Telferscot Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the 2,500,000 SpinCo2 Shares to be distributed to such Telferscot Shareholders under the Arrangement and the SpinCo2 Financing.

Following completion of the Arrangement, SpinCo2 will be a reporting issuer in the jurisdictions of British Columbia, Alberta, Manitoba and Ontario, the shareholders of which will be the holders of Telferscot Shares on the Share Distribution Record Date. SpinCo2 will have all of Telferscot's interest in the Letter of Intent with HCC and,

assuming completion of the SpinCo2 Financing, cash of approximately \$600,000 less its pro rata share of the costs of the Arrangement . See the section of this Circular entitled “SpinCo2 After the Arrangement” for a description of the Letter of Intent with HCC, corporate structure and business, including selected *pro-forma* unaudited financial information of SpinCo2 assuming completion of the Arrangement.

Selected Unaudited *Pro-forma* Financial Information for SpinCo2

In connection with the Arrangement, the Company will transfer the Letter of Intent with HCC to SpinCo2.

The following selected unaudited *pro-forma* financial information for SpinCo2 is based on the assumptions described in the notes to the SpinCo2 unaudited *pro-forma* balance sheet as at December 31, 2017, attached as Schedule “M” to this Circular. The *pro-forma* balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the SpinCo2 Financing had occurred on December 31, 2017.

	<i>Pro-forma</i> as at December 31, 2017 on completion of spin-off of the Arrangement
	(unaudited)
Cash	600,000
LOI	1
Total assets	<hr/> <hr/>
Share capital	600,001
Deficit	(9,500)
Total liabilities and shareholders’ equity	<hr/> 590,501 <hr/>

Information Concerning the SpinCo3 After the Arrangement

Pursuant to the Arrangement, each Telferscot Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the 2,500,000 SpinCo3 Shares to be distributed to such Telferscot Shareholders under the Arrangement.

Following completion of the Arrangement, SpinCo3 will be a reporting issuer in the jurisdictions of British Columbia, Alberta, Manitoba and Ontario, the shareholders of which will be the holders of Telferscot Shares on the Share Distribution Record Date. SpinCo3 will have all of Telferscot’s interest in the Letter of Intent with CCEC and, assuming completion of the SpinCo3 Financing, cash of approximately \$180,000 less its pro rata share of the costs of the Arrangement. See the section of this Circular entitled “SpinCo3 After the Arrangement” for a description of the Letter of Intent with CCEC, corporate structure and business, including selected *pro-forma* unaudited financial information of SpinCo3 assuming completion of the Arrangement and the SpinCo3 Financing.

Selected Unaudited *Pro-forma* Financial Information for SpinCo3

In connection with the Arrangement, the Company will transfer the Letter of Intent with CCEC to SpinCo3.

The following selected unaudited *pro-forma* financial information for SpinCo3 is based on the assumptions described in the notes to the SpinCo3 unaudited *pro-forma* balance sheet as at December 31, 2017, attached as Schedule “N” to this Circular. The *pro-forma* balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the SpinCo3 Financing had occurred on December 31, 2017.

	<i>Pro-forma as at December 31, 2017 on completion of the Arrangement</i>
	(unaudited)
Cash	180,000
LOI	1
Total assets	180,001
Share capital	180,001
Deficit	(9,500)
Total liabilities and shareholders' equity	170,501

Information Concerning the SpinCo4 After the Arrangement

Pursuant to the Arrangement, each Telferscot Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the 2,500,000 SpinCo4 Shares to be distributed to such Telferscot Shareholders under the Arrangement.

Following completion of the Arrangement, SpinCo4 will be a reporting issuer in the jurisdictions of British Columbia, Alberta, Manitoba and Ontario, the shareholders of which will be the holders of Telferscot Shares on the Share Distribution Record Date. SpinCo4 will have all of Telferscot's interest in the Letter of Intent with MWC and, assuming completion of the SpinCo4 Financing, cash of approximately \$120,000 less its *pro-rata* share of the costs of the Arrangement. See the section of this Circular entitled "SpinCo4 After the Arrangement" for a description of the Letter of Intent with MWC, corporate structure and business, including selected *pro-forma* unaudited financial information of SpinCo4 assuming completion of the Arrangement and the SpinCo4 Financing.

Selected Unaudited *Pro-forma* Financial Information for SpinCo4

In connection with the Arrangement, the Company will transfer the Letter of Intent with MWC to SpinCo4.

The following selected unaudited *pro-forma* financial information for SpinCo4 is based on the assumptions described in the notes to the SpinCo4 unaudited *pro-forma* balance sheet as at December 31, 2017, attached as Schedule "O" to this Circular. The *pro-forma* balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the SpinCo4 Financing had occurred on December 31, 2017.

	<i>Pro-forma as at December 31, 2017 on completion of the Arrangement</i>
	(unaudited)
Cash	120,000
LOI	1
Total assets	120,001
Share capital	120,001
Deficit	(9,500)
Total liabilities and shareholders' equity	110,501

Information Concerning the SpinCo5 After the Arrangement

Pursuant to the Arrangement, each Telferscot Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the 12,500,000 SpinCo5 Shares to be distributed to such Telferscot Shareholders under the Arrangement.

Following completion of the Arrangement, SpinCo5 will be a reporting issuer in the jurisdictions of British Columbia, Alberta, Manitoba and Ontario, the shareholders of which will be the holders of Telferscot Shares on the

Share Distribution Record Date. SpinCo5 will have all of Telferscot’s interest in the Letter of Intent with NCRI and, assuming completion of the SpinCo5 Financing, cash of approximately \$120,000 less its pro rata share of the costs of the Arrangement. See the section of this Circular entitled “SpinCo5 After the Arrangement” for a description of the Letter of Intent with NCRI, corporate structure and business, including selected *pro-forma* unaudited financial information of SpinCo5 assuming completion of the Arrangement and the SpinCo5 Financing.

Selected Unaudited *Pro-forma* Financial Information for SpinCo5

In connection with the Arrangement, the Company will transfer the Letter of Intent with NCRI to SpinCo5.

The following selected unaudited *pro-forma* financial information for SpinCo5 is based on the assumptions described in the notes to the SpinCo5 unaudited *pro-forma* balance sheet as at December 31, 2017, attached as Schedule “P” to this Circular. The *pro-forma* balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the SpinCo5 Financing had occurred on December 31, 2017.

	<i>Pro-forma as at December 31, 2017 on completion of the Arrangement</i>
	(unaudited)
Cash	120,000
LOI	1
Total assets	<u>120,001</u>
Share capital	120,001
Deficit	(9,500)
Total liabilities and shareholders’ equity	<u>110,501</u>

Information Concerning the SpinCo6 After the Arrangement

Pursuant to the Arrangement, each Telferscot Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the 2,500,000 SpinCo6 Shares to be distributed to such Telferscot Shareholders under the Arrangement.

Following completion of the Arrangement, SpinCo6 will be a reporting issuer in the jurisdictions of British Columbia, Alberta, Manitoba and Ontario, the shareholders of which will be the holders of Telferscot Shares on the Share Distribution Record Date. SpinCo6 will have all of Telferscot’s interest in the Memorandum of Understanding with ERL and, assuming completion of the SpinCo6 Financing, cash of approximately \$126,000 less its pro rata share of the costs of the Arrangement. See the section of this Circular entitled “SpinCo6 After the Arrangement” for a description of the Memorandum of Understanding with ERL, corporate structure and business, including selected *pro-forma* unaudited financial information of SpinCo6 assuming completion of the Arrangement and the SpinCo6 Financing.

Selected Unaudited *Pro-forma* Financial Information for SpinCo6

In connection with the Arrangement, the Company will transfer the Memorandum of Understanding with ERL to SpinCo6.

The following selected unaudited *pro-forma* financial information for SpinCo6 is based on the assumptions described in the notes to the SpinCo6 unaudited *pro-forma* balance sheet as at December 31, 2017, attached as Schedule “Q” to this Circular. The *pro-forma* balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the SpinCo6 Financing had occurred on December 31, 2017.

	<i>Pro-forma</i> as at December 31, 2017 on completion of the Arrangement
	(unaudited)
Cash	126,000
LOI	1
Total assets	<u>126,001</u>
Share capital	126,001
Deficit	(9,500)
Total liabilities and shareholders' equity	<u>116,501</u>

Information Concerning the SpinCo7 After the Arrangement

Pursuant to the Arrangement, each Telferscot Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the 25,000,000 SpinCo7 Shares to be distributed to such Telferscot Shareholders under the Arrangement.

Following completion of the Arrangement, SpinCo7 will be a reporting issuer in the jurisdictions of British Columbia, Alberta, Manitoba and Ontario, the shareholders of which will be the holders of Telferscot Shares on the Share Distribution Record Date. SpinCo7 will have all of Telferscot's interest in the Auxico Litigation and, assuming completion of the SpinCo7 Financing, cash of approximately \$12,000 as well as certain liabilities totalling approximately \$38,280 payable out of the settlement of the Auxico Litigation which were incurred in respect of the transaction with Auxico. See the section of this Circular entitled "SpinCo7 After the Arrangement" for a description of the Auxico Litigation, corporate structure and business, including selected *pro-forma* unaudited financial information of SpinCo7 assuming completion of the Arrangement and the SpinCo7 Financing.

Selected Unaudited *Pro-forma* Financial Information for SpinCo7

In connection with the Arrangement, the Company will transfer the Auxico Litigation and certain liabilities associated therewith of approximately \$38,280 to SpinCo7.

The following selected unaudited *pro-forma* financial information for SpinCo7 is based on the assumptions described in the notes to the SpinCo7 unaudited *pro-forma* balance sheet as at December 31, 2017, attached as Schedule "R" to this Circular. The *pro-forma* balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the SpinCo7 Financing had occurred on December 31, 2017.

	<i>Pro-forma</i> as at December 31, 2017 on completion of the Arrangement
	(unaudited)
Cash	12,000
Auxico litigation.....	1
Total assets	<u>12,001</u>
Share capital	12,001
Deficit	(47,780)
Total liabilities and shareholders' equity	<u>(35,779)</u>

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the management (the “Management”) of Telferscot Resources Inc. (the “Company”) for use at the Special Meeting of Shareholders of the Company (the “Meeting”) to be held at the offices of Gardiner Roberts LLP, Suite 3600, 22 Adelaide Street West, Toronto, Ontario, at the hour of 10:00 o’clock in the morning (Toronto time), on Thursday, March 22, 2018 for the purposes set out in the accompanying Notice of Meeting. The cost of solicitation will be borne by the Company.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally by the directors and/or officers of the Company at nominal cost. Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares (“Telferscot Shares”) held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

RECORD DATE

The Board has fixed February 16, 2018 as the record date (the “Record Date”) for the purpose of determining the Telferscot Shareholders entitled to receive the Notice of Meeting and to vote at the Meeting. Each Telferscot Shareholder is entitled to one vote for each Telferscot Share held and shown as registered in such holder’s name on the list of Shareholders prepared as of the close of business on the Record Date. The list of Shareholders will be available for inspection during usual business hours at the principal office of the Transfer Agent, Capital Transfer Agency Ulc. in 121 Richmond Street West, Toronto, Ontario M5H 2K1 and will also be available for inspection at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers or directors of the Company (the “Management Designees”). **A TELFERSCOT SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A TELFERSCOT SHAREHOLDER, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** by inserting such other person’s name in the blank space provided in the form of proxy and depositing the completed proxy with the Transfer Agent of the Company, **Capital Transfer Agency, Inc., 121 Richmond Street West, Suite 401, Toronto, Ontario M5H 2K1**. A proxy can be executed by the Telferscot Shareholder or his attorney duly authorized in writing, or, if the Telferscot Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, the proxy may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the proxy at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which time the proxy is to be used or delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting and upon either such occurrence, the proxy is revoked.

Please note that Telferscot Shareholders who receive their Meeting Materials (as defined in the “Advice to Beneficial Shareholders” section below) from Broadridge Investor Communication Solutions, Canada (“Broadridge”) must return the proxy forms, once voted, to Broadridge for the proxy to be dealt with.

DEPOSIT OF PROXY

By resolution of the Board duly passed, **ALL PROXIES TO BE USED AT THE MEETING MUST BE DEPOSITED NOT LATER THAN 10:00 A.M. TUESDAY, MARCH 20, 2018, OR ANY ADJOURNMENT THEREOF, WITH THE COMPANY OR ITS TRANSFER AGENT, CAPITAL TRANSFER AGENCY, INC.,** provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting, or any

adjournment thereof, prior to the time for voting to revoke a valid proxy previously delivered in accordance with the foregoing. A return envelope has been included with this material.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only Registered Shareholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Telferscot Shares owned by a person (a “**Non-Registered Holder**”) are registered either: (a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the Telferscot Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, RRIFs, RESPs and similar plans); or, (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101 of the Canadian Securities Administrators, the Company has distributed copies of this Circular and the accompanying Notice of Meeting together with the form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge. Generally, Non-Registered Holders will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the Non-Registered Holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or,
- (b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**Voting Instruction Form**”) which the Intermediary must follow. Typically the Non-Registered Holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the Non-Registered Holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. Broadridge typically mails a scannable Voting Instruction Form.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Telferscot Shares they beneficially own. Should a Non-Registered Holder, who receives either form of proxy, wish to vote at the Meeting in person, the Non-Registered Holder should strike out the persons named in the form of proxy and insert the Non-Registered Holder’s name in the blank space provided.

Non-Registered Holders should carefully follow the instructions set out in the Voting Instruction Form, including those regarding when and where the Voting Instruction Form is to be delivered. If you receive a Voting Instruction Form, the Voting Instruction Form must be completed and returned in accordance with its instructions well in advance of the meeting in order to have your Telferscot Shares voted or to have any alternative representative duly appointed to attend the Meeting and vote your Telferscot Shares at the Meeting.

Shareholders with questions respecting the voting of shares may contact the Company’s Chief Executive Officer, Stephen Coates, at (416) 642-2213 or stephen@grovecapitalgroup.com.

All references to Telferscot Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to Registered Shareholders of record unless specifically stated otherwise.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy for use at the Meeting will vote the shares in respect of which they are appointed in accordance with the directions of the Shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES SHALL BE VOTED “FOR”:**

1. approval of the Arrangement Resolution;
2. approval of the Capital Reduction Resolution;
3. approval of the SOP Resolutions;
4. approval of the Acquisition Resolution;
5. approval of the Consolidation Resolution
6. approval of the Name Change Resolution;
7. approval of the Board Change; and
8. to transact such further and other business as may properly come before the said Meeting or any adjournment of adjournments thereof.

ALL AS MORE PARTICULARLY DESCRIBED IN THIS CIRCULAR.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT DESIGNEES SHOULD PROPERLY COME BEFORE THE MEETING, THE TELFERSCOT SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.**

REVOCAION OF PROXIES

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Capital Transfer or at the registered office of the Company at Suite 2702, 401 Bay Street, Toronto, Ontario M5H 2Y4, at any time up to and including the last Business Day that precedes the date of the Meeting or, if the Meeting is adjourned or postponed, the last Business Day that precedes any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or,
- (b) personally attending the Meeting and voting the Registered Shareholder’s Telferscot Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

EFFECTIVE DATE

The effective date of this Circular is February 21, 2018.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each Telferscot Shareholder of record will be entitled to one (1) vote for each Telferscot Share held at the Meeting.

Holders of record of the Telferscot Shares on February 16, 2018 (the “**Record Date**”) will be entitled either to attend and vote at the Meeting in person shares held by them or, provided a completed and executed proxy shall have been delivered to the Company as described herein, to attend and vote thereat by proxy the shares held by them.

The authorized capital of the Company presently consists of an unlimited number of common shares of which 125,000,000 Telferscot Shares are issued and outstanding as fully paid and non-assessable as of the Record Date.

To the knowledge of the directors and executive officers of the Company, there are no parties who beneficially own, directly or indirectly, or exercise control or direction over 10% or more of any class of securities of the Company other than as follows:

<u>Name of Share holder</u>	<u>Number and Type of Securities</u>	<u>Percentage of Class</u>	<u>Percentage of Voting Securities</u>
Stephen Coates	21,456,768 Common Shares ⁽¹⁾	17.17%	17.17%

Note:

(1)

Held as to 4,681,010 Telferscot Shares directly, and 1,560,000 Telferscot Shares through two trusts which are controlled by Mr. Coates' spouse and 10,072,719 are held by Mr. Coates' spouse and children and 5,143,039 Telferscot Shares held by Grove Capital Group Ltd. which is controlled by Mr. Coates.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year, and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than in their capacity as shareholders who will participate in the Arrangement and the Acquisition. Certain directors of the Company may also be participating in one or more of the SpinCo Financings. Stephen Coates, the Chief Executive Officer, director and 10% shareholder of the Company is also a director and shareholder of each of the MWC and ERL.

MATTERS TO BE ACTED UPON AT THE MEETING

1. THE ARRANGEMENT

At the Meeting, Telferscot Shareholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the CBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized in this Circular. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement and the Plan of Arrangement, which has been filed by the Company under its profile on SEDAR at www.sedar.com, and which is attached as Schedule “B” to this Circular.

In order to implement the Arrangement, the Arrangement Resolution must be approved by not less than two-thirds of the votes cast by the Shareholders, voting together as a single class, present in person or by proxy at the Meeting. A copy of the Arrangement Resolution is attached as Schedule “A” to this Circular.

Unless otherwise directed, it is management's intention to vote IN FAVOUR of the Arrangement Resolution. If you do not specify how you want your Telferscot Shares voted, the persons named as proxy-holders will cast the votes represented by your proxy at the Meeting IN FAVOUR of the Arrangement Resolution.

Background

The Company is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba and Ontario and has the following Assets in addition to the Amalgamation Agreement with Canntab:

Bright Mega Capital Corp.

The Company has a Letter of Intent with Bright Megan of Markham, Ontario to fund several target acquisitions in blockchain and crypto currency mining and trading. Bright Mega is a markets development advisor to several privately held Canadian and international blockchain companies looking for development and expansion funding. The LOI calls for the Company to provide a minimum of \$500,000 of equity investment to acquire a control stake in a new Canadian-based crypto currency Exchange and blockchain mining business.

Following completion of the proposed Plan of Arrangement, SpinCo1 will acquire the ROFR on the equity placements Bright Mega negotiates with its advisory companies, such ROFR will be subject to fulsome and completed due diligence. The Company's current obligations under the Letter of Intent with Bright Mega which will become the obligations of SpinCo1 are proof of funding and conditional approval of a prospective public listing on a recognized exchange both of which terms are to the sole satisfaction of Bright Mega.

Horizon Capital Corp.

The Company has a Letter of Intent with HCC of Vancouver, BC to assume HCC's option to acquire Livecare. Livecare is a Canadian company founded and operated by doctors dedicated to giving patients access to quality, real-time healthcare, regardless of where they are located. By offering patients the option to use Telehealth, wait and travel times are decreased or eliminated completely, allowing for invaluable timely diagnosis and triage. Livecare's mission is to develop and implement self-sustaining patient centered community and international telemedicine programs. Livecare's primary focus is to assist in solving the disparate physician services shortfall in rural communities with urban physician services. Livecare's aim is to provide access to health care to all patients, increase the quality of health delivery by providing timely diagnosis and treatment, and reduce the expense to patients, communities, insurance providers and employers by avoiding needless travel costs and absent work days for primary and specialty medical services.

The Letter of Intent with HCC provides for a 60 day exclusive period for the Company to complete due diligence on Livecare and to work with HCC to agree a binding agreement for the acquisition of Livecare,

Canada Crypto Exchange Corp.

The Company has signed a Letter of Intent to acquire CCEC, parent company of CCX, a Canadian-based crypto currency exchange platform. CCEC has developed its exchange platform in partnership with ACX Tech Pty. Ltd of Perth, Australia and Blockchain Global Ltd. of Melbourne, Australia. The Letter of Intent with CCEC provides for a 180-day exclusive period of cooperation between the Company and CCEC to negotiate terms of the acquisition, launch the CCX platform in Canada and secure the necessary funding for development and marketing of the CCEC business plan.

The Company has further agreed general terms of acquisition of CCEC in a Letter of Agreement dated February 8, 2018. This Agreement will provide the basis of negotiation on a formal Acquisition Agreement and provides a deadline for completion of a definitive agreement by April 15, 2018. There are numerous conditions precedent to completion to the benefit of both CCEC or the Company. The Letter of Agreement and subsequent definitive agreement will be subject to completion of the proposed Plan of Arrangement.

Online Cannabis Sales Platform

The Company has an agreement with MWC a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers to Canadian consumers. MWC is looking for a joint-venture partner to fund the development and deployment of a new site for the regulated sales of cannabis in Canada.

MWC brings a unique asset to the high-flying world of soon-to-be-legalised marijuana sales in Canada. That is, their ability to provide an industry wide platform to sell and market a product that must be purchased and shipped directly between the seller and the buyer. That is to say, that typical online sales platforms cannot currently provide access to the cannabis sector as they typically process the payments and act as an intermediary between the endpoints of seller and buyer. In doing so, a typical online platform would technically (and legally) become the owner of the product and thus, in the cannabis space, risks the potential of dealing in a regulated substance.

MWC's unique business model has been proven in the Canadian wine and spirits industry where they are the only fully legal, third-party way for Canadians to purchase wine and spirits from Canadian producers – outside of the government run distribution systems of most Canadian provinces.

MWC has been working with the Cannabis Growers Association of Canada and has been pre-qualified by the National Research Council for funding through its iRAP program to migrate their technology and platform development to the cannabis sector.

Stephen Coates, CEO, a director and 10% shareholder of the Company, is also a director and shareholder of MWC. Any transaction with MWC will be done in compliance with MI 61-101 which may include approval of the minority shareholders of SpinCo4 if no exemptions from MI 61-101 are available.

Gold Exploration and Delineation in Central America

The Company signed a Letter of Intent agreement with NCRI to source, define and evaluate gold exploration projects in Central America. The Company has entered into discussion with several possible acquisitions as a result of this Letter of Intent, but as yet has not come to terms acceptable to the Company. Notwithstanding, the Company believes that a strategic acquisition in the gold exploration sector is imminent and as such has committed to NCRI to continue the venture and has secured minimal funding to complete its project evaluation work.

Enviro Resources Limited

The Company has signed a Memorandum of Understanding with ERL to cooperate with ERL on the acquisition and development of environmentally-beneficial consumer, commercial and products. ERL has successfully acquired, progressed and commercialized products in this sector over the past 5 years and is looking for a strategic partner to fund new opportunities.

Following completion of the proposed Plan of Arrangement, the SpinCo6 will acquire the ROFR to fund ERL products and acquisitions. Any transaction with ERL will be subject to a fulsome and complete due diligence process to the complete satisfaction of the Company. The Company's obligations under the Memorandum of Understanding with ERL which will become the obligations of SpinCo6 are proof of funding and conditional approval of a prospective public listing on a recognized exchange both of which terms are to the sole satisfaction of ERL.

Stephen Coates, CEO, director and 10% shareholder of the Company, is also a director and controlling shareholder of ERL. Any transaction with ERL will be done in compliance with MI 61-101 which may include approval of the minority shareholders of SpinCo6 if no exemptions from MI 61-101 are available.

Auxico Litigation

Pursuant to the transaction agreement entered into between the Company and Auxico, the Company was entitled to receive a \$150,000 break fee if Auxico failed to fulfill its obligations under the transaction agreement. When the

transaction was terminated at the end of 2016, Auxico failed to pay the required break fee and the Company commenced litigation in the province of Quebec. Documents have been exchanged and the Company is currently waiting for a trial date to be scheduled.

On January 12, 2018, the Company entered into the Amalgamation Agreement with Canntab Therapeutics Inc., a private company incorporated under the laws of Ontario which carries on the Canntab Business and Subco. The Amalgamation Agreement provides that the Company will, as a condition precedent to the completion of the Acquisition, transfer all rights, interests and claims in respect of the Auxico Litigation described above to a new entity.

The Arrangement has been proposed to permit the existing Telferscot Shareholders to receive any benefits that may accrue in respect of the Auxico Litigation. In addition, following the termination of the transaction agreement with Auxico at the end of 2016, the Company had been actively pursuing several potential transactions to unlock value for the Telferscot Shareholders. Several of these had progressed to a stage where they represent a viable business opportunity as described above. As the Company had decided to undertake the Arrangement to address the requirement that the Auxico Litigation be transferred out of the Company, Management decided to expand the Arrangement to allow the existing Telferscot Shareholders to benefit from these additional opportunities should they continue to develop. In addition to transferring all of its interests in the Assets to the SpinCos, the Company has sourced participants for each of the SpinCo Financings to provide sufficient capital to progress the Assets being assigned and allow each SpinCo to maintain their status as a reporting issuer for at least one year. All SpinCo Financings are anticipated to be completed prior to the Effective Date. For additional information on the SpinCo Financings, please see the section of this Circular entitled “Matters To Be Acted Upon At The Meeting – 1. The Arrangement – SpinCo Financings”. The Company believes that the Arrangement offers a number of benefits to shareholders, a few of which are set out below:

1. the Company believes that the Acquisition will enhance shareholder value by providing Telferscot Shareholders the opportunity to participate in the Canntab Business, as well as enabling the Company to maintain its status as a trading, public reporting entity to facilitate capital raising and better absorb the risks and expenses of operating in the highly competitive cannabis industry and the removal of the Assets from the Company is a condition to the completion of the Acquisition;
2. by creating subsidiaries which will acquire the Company’s existing Assets and become separate reporting entities, the Company will be better able to pursue different specific initiatives the Company was developing throughout 2017 following the termination of the transaction with Auxico;
3. in assigning a value to the Company during the negotiations in respect of the Acquisition, Canntab did not give any credit to the value of the other Assets of Telferscot. The Arrangement will permit the current Telferscot Shareholders to receive some of the benefits that may accrue from these Assets;
4. after the separation, each SpinCo will also have the flexibility to pursue the Assets assigned to it; and,
5. if the SpinCo Financings are completed, each of the SpinCos will have adequate funding to pursue the business initiative being assigned to it for the first year.

Pursuant to the Arrangement,

1. “SpinCo1”, currently a wholly-owned subsidiary of the Company will acquire the Letter of Intent with Bright Mega for aggregate consideration of 12,500,000 SpinCo1 Shares;
2. “SpinCo2”, currently a wholly-owned subsidiary of the Company, will acquire the Letter of Intent with HCC for the aggregate consideration of 2,500,000 SpinCo2 Shares;
3. “SpinCo3”, currently a wholly-owned subsidiary of the Company, will acquire the Letter of Intent and subsequent Letter of Agreement to acquire the assets of CCEC for the aggregate consideration of 2,500,000 SpinCo3 Shares;

4. “SpinCo4”, currently a wholly-owned subsidiary of the Company, will acquire the Letter of Intent with MWC for the aggregate consideration of 2,500,000 SpinCo4 Shares;
5. “SpinCo5”, currently a wholly-owned subsidiary of the Company, will acquire the Letter of Intent with NCRI for the aggregate consideration of 12,500,000 SpinCo5 Shares;
6. “SpinCo6”, currently a wholly-owned subsidiary of the Company, will acquire the assets described in the Memorandum of Understanding with ERL for the aggregate consideration of 2,500,000 SpinCo6 Shares;
7. “SpinCo7”, currently a wholly-owned subsidiary of the Company, will acquire the Auxico Litigation for aggregate consideration of 25,000,000 SpinCo7 Shares and the assumption of approximately \$38,280 in liabilities of Telferscot incurred in respect of the transaction with Auxico;
8. following the Arrangement, the Capital Reduction, the Acquisition, the Consolidation, the Name Change and the Board Change, the Company will continue the Business currently carried on by Canntab. Each Telferscot Shareholder will, immediately after the Effective Date, hold one (1) Resulting Issuer Share for each two hundred (200) Telferscot Shares held immediately prior to the Arrangement and the Acquisition, which will be identical in every respect to the present Telferscot Shares, and each Telferscot Shareholder on the Share Distribution Record Date will receive its *pro-rata* share of the Telferscot Class A Preferred Shares: (i) receive its *pro-rata* share of the 12,500,000 SpinCo1 Shares that are owned by the Company; (ii) receive its *pro-rata* share of the 2,500,000 SpinCo2 Shares that are owned by the Company; (iii) receive its *pro-rata* share of the 2,500,000 SpinCo3 Shares that are owned by the Company; (iv) receive its *pro-rata* share of the 2,500,000 SpinCo4 Shares that are owned by the Company; (v) will receive its *pro-rata* share of the 12,500,000 SpinCo5 Shares that are owned by the Company; (vi) will receive its *pro-rata* share of the 2,500,000 SpinCo6 Shares that are owned by the Company; and (vii) receive its *pro-rata* share of the 25,000,000 SpinCo7 Shares that are owned by the Company following which the Telferscot Class A Preferred Shares will be cancelled. See the section of this Circular entitled “Details of the Arrangement” and “SpinCo1 After the Arrangement” - Selected Unaudited *Pro-forma* Financial Information of SpinCo1”, as well as “Details of the Arrangement”, “SpinCo2 After the Arrangement - Selected Unaudited *Pro-forma* Financial Information of SpinCo2”, as well as “Details of the Arrangement”, “SpinCo3 After the Arrangement - Selected Unaudited *Pro-forma* Financial Information of SpinCo3”, as well as “Details of Arrangement”, “SpinCo4 After the Arrangement - Selected Unaudited *Pro-forma* Financial Information of SpinCo4”, as well as “Details of Arrangement” “SpinCo5 After the Arrangement - Selected Unaudited *Pro-forma* Financial Information of SpinCo5”, as well as “Details of Arrangement”, “SpinCo6 After the Arrangement - Selected Unaudited *Pro-forma* Financial Information of SpinCo6”, as well as “Details of Arrangement” and “SpinCo7 After the Arrangement - Selected Unaudited *Pro-forma* Financial Information of SpinCo7”, as well as “Details of Arrangement”.

Reasons for the Arrangement

The Board has determined that the Company should concentrate its efforts on its primary business activities. To this end, the Board approved a reorganization of the Company pursuant to the Arrangement as described in this Circular.

The decision to proceed with the Arrangement was based on the following primary determinations:

1. since incorporation, the Company’s primary focus has been the exploration and development of resource properties. Following the sale of the residual interest in its operating assets in early 2016, the Company actively sought alternate transactions. In 2016, the Company entered into an amalgamation with Auxico which was terminated at the end of 2016. Over the course of 2017, the Company was presented with several potentially accretive transactions which the Company was actively considering. When presented with the opportunity to change its business and acquire Canntab, management of the Company determined that it would be in the best interests of the Company to proceed with the Arrangement so that Telferscot Shareholders would still have the opportunity to benefit from the other opportunities that had been presented to and were being developed by Management. The formation of SpinCo1 to assume the Letter of Intent with Bright Mega, the formation of SpinCo2 to assume the Letter of Intent with HCC, the formation of SpinCo3 to assume the Letter of Intent with CCEC, the formation of SpinCo4 to assume the Letter of

Intent with MWC, the formation of SpinCo5 to assume the Letter of Intent with NCRI, the formation of SpinCo6 to assume the Memorandum of Understanding with ERL and the formation of SpinCo7 to assume the Auxico Litigation, will allow Telferscot Shareholders to benefit if these opportunities develop and at the same time enable the completion of the Acquisition;

2. following the Arrangement and the Acquisition, management of the Company will consist of a strong executive team with significant experience, knowledge and connections in the cannabis industry and the Canntab Business and management of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 will be free to focus on developing the assets described in each of the Letter of Intent with Bright Mega, the Letter of Intent with HCC, the Letter of Intent with CCEC, the Letter of Intent with MWC, the Letter of Intent with NCRI and the Letter of Intent with Enviro Resources and pursue the Auxico Litigation respectively;
3. the formation of SpinCo1 and the distribution of 12,500,000 SpinCo1 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with Bright Mega. SpinCo1 is also undertaking the SpinCo1 Financing to raise \$120,000;
4. the formation of SpinCo2 and the distribution of 2,500,000 SpinCo2 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with HCC. SpinCo2 is also undertaking the SpinCo2 Financing to raise \$600,000;
5. the formation of SpinCo3 and the distribution of 2,500,000 SpinCo3 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with CCEC. SpinCo3 is also undertaking the SpinCo3 Financing to raise \$180,000;
6. the formation of SpinCo4 and the distribution of 2,500,000 SpinCo4 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with MWC. SpinCo4 is also undertaking the SpinCo4 Financing to raise \$120,000;
7. the formation of SpinCo5 and the distribution of 12,500,000 SpinCo5 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Letter of Intent with NCRI. SpinCo5 is also undertaking the SpinCo5 Financing to raise \$120,000;
8. the formation of SpinCo6 and the distribution of 2,500,000 SpinCo6 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the development of the assets described in the Memorandum of Understanding with ERL. SpinCo6 is also undertaking the SpinCo6 Financing to raise \$126,000; and
9. the formation of SpinCo7 and the distribution of 25,000,000 SpinCo7 Shares to the Telferscot Shareholders pursuant to the Arrangement will give the Telferscot Shareholders a direct interest in a new company that will focus on and pursue the Auxico Litigation. SpinCo7 is also undertaking the SpinCo7 Financing to raise \$12,000. The financing for SpinCo7 is lower than for the other entities in anticipating of SpinCo7 receiving proceeds from the Auxico Litigation to funds its operations and seek additional business opportunities. SpinCo7 will also assume approximately \$38,280 in liabilities of the Company related to the transaction with Auxico.

Recommendation of Directors

The Board approved the Arrangement and authorized the submission of the Arrangement to the Telferscot Shareholders and the Court for approval. **The Board has concluded that the Arrangement is in the best interests**

of the Company and the Telferscot Shareholders, and recommends that the Telferscot Shareholders vote FOR the Arrangement Resolution at the Meeting. In reaching this conclusion, the Board considered the benefits to the Company and the Telferscot Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7.

Fairness of the Arrangement

The Arrangement was determined to be fair to the Telferscot Shareholders by the Board based upon the following factors, among others:

1. the procedures by which the Arrangement will be approved, including the requirement for $66\frac{2}{3}$ rds Telferscot Shareholder approval and approval by the Court after a hearing at which fairness will be considered;
2. the possibility of pursuing a proposed listing of the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares on one or more exchanges in Canada if the business opportunities develop to provide liquidity;
3. the opportunity for Telferscot Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their Telferscot Shares; and,
4. each Telferscot Shareholder on the Share Distribution Record Date will participate in the Arrangement on a *pro-rata* basis and, upon completion of the Arrangement, will continue to hold substantially the same *pro-rata* interest that such Telferscot Shareholder held in the Company prior to completion of the Arrangement and substantially the same *pro-rata* interest in SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 through its direct holdings of SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares rather than indirectly through the Company's holding of SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares.

In the course of deliberations, the Board also identifies and considered a variety of risks, including, but not limited to:

1. the risk that the Assets being assigned to each SpinCo would not develop into viable business opportunity; and
2. the risks to Telferscot if the Arrangement is not completed, including costs incurred in pursuing the Arrangement.

The foregoing discussion of the information and factors considered by the Board is not intended to be exhaustive. In determining that the Arrangement is in the best interests of the Company and recommending that Telferscot Shareholders vote in favour of the Arrangement Resolution, the Board did not assign any relative or specific weights to the factors which were considered, and individual directors may have given differing weights to different factors.

Details of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is attached as Schedule "B" to this Circular, and the Plan of Arrangement, which is attached as Schedule A to the Arrangement Agreement. Each of these documents should be read carefully in their entirety.

Pursuant to the Plan of Arrangement, save and except for Dissenting Shares, the following principal steps will occur and be deemed to occur in the following chronological order as part of the Arrangement:

1. the Company will transfer the assets described in each of the Letter of Intent with Bright Mega to SpinCo1, the Letter of Intent with HCC to SpinCo2, the Letter of Intent with CCEC to SpinCo3, the Letter of Intent with MWC to SpinCo4, the Letter of Intent with NCRI to SpinCo5, the Memorandum of Understanding with ERL to SpinCo6, transfer the Auxico Litigation to SpinCo7 in consideration for 12,500,000 shares from SpinCo1, 2,500,000 shares from each of SpinCo2, SpinCo3, SpinCo4 and SpinCo6, 12,500,000 shares from SpinCo5, and 25,000,000 shares from SpinCo7 (the “**Distributed SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares**”). Thereafter the Company will be added to the central securities register of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 in respect of such SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares;
2. the authorized share capital of the Company will be changed by:
 - (a) altering the identifying name of the Telferscot Shares to class A common shares without par value, being the “Telferscot Class A Shares”,
 - (b) creating a class consisting of an unlimited number of common shares without par value, being the “New Shares”, and
 - (c) creating a class consisting of an unlimited number of class A preferred shares without par value having the rights and restrictions described in the Plan of Arrangement, which is attached as Schedule A to the Arrangement Agreement, a copy of which is attached as Schedule “B” to this Circular, being the Telferscot Class A Preferred Shares;
3. each issued Telferscot Class A Share will be exchanged for one New Share and one Telferscot Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Telferscot Class A Shares will be removed from the central securities register of the Company and will be added to that central securities register as the holders of the number of New Shares and Telferscot Class A Preferred Shares that they have received on the exchange;
4. all of the issued Telferscot Class A Shares will be cancelled with the appropriate entries being made in the central securities register of Telferscot and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the Telferscot Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the Telferscot Class A Preferred Shares so that the aggregate paid up capital of the Telferscot Class A Preferred Shares is equal to the aggregate fair market value of the Distributed SpinCo1 Shares, SpinCo2 Shares and SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares as of the Effective Date, and each Telferscot Class A Preferred Share so issued will be issued by Telferscot at an issue price equal to the aggregate fair market value of the Distributed SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares as of the Effective Date divided by the number of issued Telferscot Class A Preferred Shares, such aggregate fair market value of the Distributed SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to be determined as at the Effective Date by resolution of the board of directors of Telferscot;
5. the Company will redeem the issued Telferscot Class A Preferred Shares for consideration consisting solely of the Distributed SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares such that each holder of Telferscot Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of SpinCo1 Shares and SpinCo5 Shares equal to the number of Class A Preferred Shares multiplied 5 times, the Exchange Factor, that number of SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares and SpinCo6 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by 1 times, the Exchange Factor and that number of SpinCo7 Shares equal to the number of Telferscot Class A Preferred Shares to multiplied by 10 times the Exchange Factor;

6. the name of each holder of Telferscot Class A Preferred Shares will be removed as such from the central securities register of the Company, and all of the issued Telferscot Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of the Company;
7. the Distributed SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares transferred to the holders of the Telferscot Class A Preferred Shares pursuant to step (E) above will be registered in the names of the former holders of Telferscot Class A Preferred Shares and appropriate entries will be made in the central securities registers of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7;
8. the Telferscot Class A Shares and the Telferscot Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps (C) and (E) above are completed, will be cancelled and the authorized share structure of the Company will be changed by eliminating the Telferscot Class A Shares and the Telferscot Class A Preferred Shares therefrom; and
9. the Articles of the Company will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement.
10. on completion of the Arrangement, Stephen Coates, Robert Kirtlan and Jun He will be the directors of SpinCo1; Stephen Coates, Aman Parmar and Catherine Beckett will be directors of SpinCo2; Stephen Coates, Jun He and Catherine Beckett will be directors of SpinCo3, Stephen Coates, Robert Kirtlan and Catherine Beckett will be directors of SpinCo4, Stephen Coates, Avrom Howard and Catherine Beckett will be directors of SpinCo5, Stephen Coates, Michelle Moore, Nirvaan Meharchand and Gerry Gravina will be directors of SpinCo6; and Stephen Coates, Robert Kirtlan and Catherine Beckett will be the directors of SpinCo7. It is expected that Stephen Coates will serve as the Chief Executive Officer and Geoff Kritzingler will serve as Chief Financial Officer of each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7. See the sections of this Circular entitled: "SpinCo1 After the Arrangement - Directors and Officers of SpinCo1"; "SpinCo2 After the Arrangement - Directors and Officers of SpinCo2"; "SpinCo3 After the Arrangement - Directors and Officers of SpinCo3"; "SpinCo4 After the Arrangement - Directors and Officers of SpinCo4"; "SpinCo5 After the Arrangement - Directors and Officers of SpinCo5"; "SpinCo6 After the Arrangement - Directors and Officers of SpinCo6"; and, "SpinCo7 After the Arrangement - Directors and Officers of SpinCo7".

SpinCo Financings

To ensure that each SpinCo has sufficient funds to pursue its business opportunity and fund the costs of being a reporting issuer, the Company undertook to raise funds for each SpinCo. Each SpinCo Financing is in progress and is expected to close prior to the Effective Date. To the extent that insiders participate in the SpinCo Financings such participation is exempt from the valuation and minority approval requirements at MI 61-101 by virtue of the exemptions set out in 5.5(c) and 5.7(1)(b) of MI 61-101. The following described the terms of each SpinCo Financing:

1. the SpinCo1 Financing consists of the issuance of 100,000 units priced at \$1.20 per unit. Each unit consists of twenty SpinCo1 Shares priced at \$0.01 per share and one SpinCo1 Preferred Share. Each SpinCo1 Preferred Share is non-voting and redeemable at the option of the holder for a period of six months from the closing date of the SpinCo1 Financing. If the holder has not redeemed the SpinCo1 Preferred Shares then they will be converted. The holder may also elect to convert the SpinCo1 Preferred Shares at any time. Each SpinCo1 Preferred Share is convertible into 100 SpinCo1 Shares and 50 SpinCo1 Warrants exercisable at \$0.05 per share for 36 months from the closing of the SpinCo1 Financing;
2. the SpinCo2 Financing consists of the issuance of 100,000 units priced at \$1.20 per unit. Each unit consists of four SpinCo2 Shares priced at \$0.05 per share and one SpinCo2 Preferred Share. Each SpinCo2 Preferred Share is non-voting and redeemable at the option of the holder for a period of six months from the closing date of the SpinCo2 Financing. If the holder has not redeemed the SpinCo2 Preferred Shares then they will be converted. The holder may also elect to convert the SpinCo2 Preferred Shares at any

- time. Each SpinCo2 Preferred Share is convertible into 20 SpinCo2 Shares and 20 SpinCo2 Warrants exercisable at \$0.05 per share for 12 months from the closing of the SpinCo2 Financing;
3. the SpinCo3 Financing consists of the issuance of 500,000 units priced at \$1.20 per unit. Each unit consists of four SpinCo3 Shares priced at \$0.05 per share and one SpinCo3 Preferred Share. Each SpinCo3 Preferred Share is non-voting and redeemable at the option of the holder for a period of three months from the closing date of the SpinCo3 Financing. If the holder has not redeemed the SpinCo3 Preferred Shares then they will be converted. The holder may also elect to convert the SpinCo3 Preferred Shares at any time. Each SpinCo3 Preferred Share is convertible into 20 SpinCo3 Shares and 20 SpinCo3 Warrants exercisable at \$0.05 per share for 36 months from the closing of the SpinCo3 Financing;
 4. the SpinCo4 Financing consists of the issuance of 100,000 units priced at \$1.20 per unit. Each unit consists of ten SpinCo4 Shares priced at \$0.02 per share and one SpinCo4 Preferred Share. Each SpinCo4 Preferred Share is non-voting and redeemable at the option of the holder for a period of one month from the closing date of the SpinCo4 Financing. If the holder has not redeemed the SpinCo4 Preferred Shares then they will be converted. The holder may also elect to convert the SpinCo4 Preferred Shares at any time. Each SpinCo2 Preferred Share is convertible into 50 SpinCo4 Shares and 25 SpinCo4 Warrants exercisable at \$0.05 per share for 12 months from the closing of the SpinCo4 Financing;
 5. the SpinCo5 Financing consists of the issuance of 100,000 units priced at \$1.20 per unit. Each unit consists of twenty SpinCo5 Shares priced at \$0.01 per share and one SpinCo5 Preferred Share. Each SpinCo5 Preferred Share is non-voting and redeemable at the option of the holder for a period of three months from the closing date of the SpinCo5 Financing. If the holder has not redeemed the SpinCo5 Preferred Shares then they will be converted. The holder may also elect to convert the SpinCo5 Preferred Shares at any time. Each SpinCo5 Preferred Share is convertible into 100 SpinCo5 Shares and 50 SpinCo5 Warrants exercisable at \$0.05 per share for 12 months from the closing of the SpinCo5 Financing;
 6. the SpinCo6 Financing consists of the issuance of 105,000 units priced at \$1.20 per unit. Each unit consists of four SpinCo6 Shares priced at \$0.05 per share and one SpinCo6 Preferred Share. Each SpinCo6 Preferred Share is non-voting and redeemable at the option of the holder for a period of ten months from the closing date of the SpinCo6 Financing. If the holder has not redeemed the SpinCo6 Preferred Shares then they will be converted. The holder may also elect to convert the SpinCo6 Preferred Shares at any time. Each SpinCo6 Preferred Share is convertible into 20 SpinCo6 Shares and 20 SpinCo6 Warrants exercisable at \$0.05 per share for 12 months from the closing of the SpinCo6 Financing; and
 7. the SpinCo7 Financing consists of the issuance of 10,000 units priced at \$1.20 per unit. Each unit consists of two hundred SpinCo7 Shares priced at \$0.001 per share and one SpinCo7 Preferred Share. Each SpinCo7 Preferred Share is non-voting and redeemable at the option of the holder for a period of three months from the closing date of the SpinCo7 Financing. If the holder has not redeemed the SpinCo7 Preferred Shares then they will be converted. The holder may also elect to convert the SpinCo7 Preferred Shares at any time. Each SpinCo7 Preferred Share is convertible into one thousand SpinCo7 Shares and five hundred SpinCo7 Warrants exercisable at \$0.03 per share for 36 months from the closing of the SpinCo7 Financing.

Authority of the Board

By passing the Arrangement Resolution, the Telferscot Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the Telferscot Shareholders.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to Telferscot Shareholders. The Board has no current intention to amend the Plan of Arrangement, however, it is possible that the Board may determine that it is appropriate that amendments be made.

Conditions to the Arrangement

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

1. the Arrangement Agreement must be approved by the Telferscot Shareholders at the Meeting in the manner referred to under “Shareholder Approval”;
2. the Arrangement must be approved by the Court in the manner referred to under “Court Approval of the Arrangement”;
3. the Exchange must have conditionally accepted the listing of the Resulting Issuer Shares as of the Effective Date, subject to compliance with the requirements of the Exchange;
4. all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Company, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7; and
5. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Company or SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7, as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Board intends to cause a certified copy of the Final Order to be filed in accordance with the CBCA, together with such other material as may be required by the Registrar, in order that the Arrangement will become effective.

It is not a condition of the Arrangement that the SpinCo Financings be completed.

Management believes that all material consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained in the ordinary course upon application therefore.

Approval of the Arrangement Resolution

In order for the Arrangement to become effective, the Arrangement Resolution must be passed, with or without variation, by a special resolution of at least 66²/₃rds of the eligible votes cast in respect of the Arrangement Resolution by Telferscot Shareholders present in person or by proxy at the Meeting.

The Company, being the sole shareholder of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 on the date of the Arrangement Agreement, has already approved the Arrangement by consent resolution.

Court Approval of the Arrangement

The Arrangement as structured requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order is attached as Schedule “D” to this Circular. The Notice of Application for the Final Order is also attached as Schedule “D” to this Circular.

Assuming approval of the Arrangement Resolution by the Telferscot Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 10:00 a.m. (Toronto time) on or after March 26, 2018 at the Courthouse located at 330 University Avenue, Toronto, Ontario or at such other date and time as the Court may direct. At this hearing, any security holder, director, auditor or other interested party of the Company who wishes to participate or to be represented or present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements.

The Court has broad discretion under the CBCA when making orders in respect of arrangements and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to the Telferscot Shareholders.

Rights of Dissent

By the provisions of section 190 of the CBCA, holders of Telferscot Shares are entitled to dissent and be paid the fair value of such shares if the shareholder objects to the Arrangement and the Arrangement becomes effective. In order to dissent, a shareholder must send to the Company at Suite 2701, 401 Bay Street, Toronto, Ontario M5H 2Y4, email: stephen@grovecapitalgroup.com by 5:00 p.m. on March 20, 2018 or by 5:00 p.m. on the second Business Day before the resumption of Meeting following any postponement or adjournment thereof written objection to the special resolution in respect of the approval of the Arrangement. For additional detail please see the section of this Circular entitled "Rights of Dissent".

Proposed Timetable for Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Special Meeting: March 22, 2018

Final Court Approval: March 26, 2018

Share Distribution Record Date: March 28, 2018

Effective Date: March 29, 2018

Mailing of Evidence of Ownership for SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares: To be determined following the Effective Date

Notice of the actual Share Distribution Record Date and Effective Date will be given to the Telferscot Shareholders through one or more press releases. The boards of directors of the Company, Canntab, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7, respectively, will determine the Effective Date depending upon satisfaction that all of the conditions to the completion of the Arrangement and the Acquisition are satisfied.

Evidence of Ownership of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 Share and Certificates for New Shares

After the Share Distribution Record Date, the share certificates representing, on their face, Telferscot Shares will be deemed to represent only New Shares with no right to receive SpinCo1 Shares, SpinCo2 Shares, SpinCo3, SpinCo4, SpinCo5, SpinCo6 or SpinCo7 Shares. Before the Share Distribution Record Date, the share certificates representing, on their face, Telferscot Shares, will be deemed under the Plan of Arrangement to represent New Shares and an entitlement to receive SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares in accordance with the terms of the Arrangement. As soon as practicable after the Effective Date, Direct Registration Transaction Advice representing the appropriate number of SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares will be sent to all Telferscot Shareholders of record on the Share Distribution Record Date.

No new share certificates will be issued for the New Shares created under the Arrangement or the Resulting Issuer Shares following the Consolidation and therefore holders of Telferscot Shares must retain their certificates as evidence of their ownership of New Shares and Resulting Issuer Shares. For information on how to exchange existing certificates for share certificates representing the post-Consolidation Resulting Issuer Shares,

please see the section of this Circular entitled “Matters to Be Acted Upon at the Meeting – 5. The Consolidation – Reasons For the Consolidation – Exchange of Share Certificates”.

Expenses of Arrangement

Pursuant to the Arrangement Agreement, the costs relating to the Arrangement, including without limitation, financial, advisory, accounting, and legal fees will be borne by the party incurring them. The costs of the Arrangement to the Effective Date will be borne by the Company and the SpinCos out of the proceeds of the SpinCo Financings.

2. MATTERS IN SUPPORT OF THE ARRANGEMENT – THE CAPITAL REDUCTION

General Description

At the Meeting, Shareholders will be asked to approve a special resolution to reduce the stated capital of the Telferscot Shares by up to \$3,039,628 (the “**Capital Reduction Resolution**”). The Capital Reduction may be necessary to comply with the requirements of section 192(2)(b) of the CBCA so that following the Arrangement, the realizable value of the assets of the Company is not less than the aggregate of its liabilities and the stated capital of all classes of shares. The Board requires some flexibility to determine the amount of the required reduction. The Capital Reduction Resolution gives the Board discretion to fix the final amount of the Capital Reduction so that the Arrangement is in compliance with the CBCA.

Recommendation of the Board

The Board has unanimously determined that the reduction of stated capital is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the Capital Reduction Resolution at the Meeting.

In reaching its determination and recommendation, the Board considered, among others, the following factors: (a) information concerning the financial condition, results of operations, business plans and prospects of the Company both before and after giving effect to the reduction of stated capital and planned distribution; (b) the opportunity provided by the Capital Reduction and the completion of the Arrangement for all Telferscot Shareholders to share on a pro rata basis in the Share Distributions; and (c) the tax effective structure of the Arrangement.

The foregoing discussion of the information and factors considered by the Board is not intended to be exhaustive. In determining that the reduction of stated capital is in the best interests of the Corporation and recommending that Shareholders vote in favour of the Capital Reduction Resolution, the Board did not assign any relative or specific weights to the factors which were considered, and individual directors may have given differing weights to different factors.

Approval of the Capital Reduction Resolution

At the Meeting, Telferscot Shareholders will be asked to consider and, if thought advisable, to pass, the Capital Reduction Resolution to approve the Capital Reduction under the CBCA.

In order to implement the Capital Reduction, the Capital Reduction Resolution must be approved by not less than 66⅔% of the votes cast by the Telferscot Shareholders, voting together as a single class, present in person or by proxy at the Meeting. A copy of the Capital Reduction Resolution is attached as Schedule “A” to this Circular. Under the CBCA, Telferscot Shareholders do not have any dissent or approval rights with respect to the proposed Capital Reduction.

Unless otherwise directed, it is management’s intention to vote IN FAVOUR of the Capital Reduction Resolution. If you do not specify how you want your Telferscot Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting IN FAVOUR of the Capital Reduction Resolution.

3. MATTERS IN SUPPORT OF THE ARRANGEMENT – APPROVAL OF THE SPINCO STOCK OPTION PLANS

General Description

On incorporation, the director of each SpinCo established the SOP for that SpinCo as a rolling stock option plan. The maximum number of shares of each SpinCo reserved for issuance under the applicable Stock Option Plan is ten (10%) percent of the issued and outstanding shares of the applicable SpinCo on a “rolling” basis. It is anticipated that SpinCo1 will have approximately 14,500,000 issued SpinCo1 Shares following the Arrangement and the completion of the SpinCo1 Financing on the Effective Date such that the SpinCo1 Stock Option Plan will initially have approximately 1,450,000 SpinCo1 Shares allotted to it without taking into account the conversion of the SpinCo1 Preferred Shares or the exercise of the SpinCo1 Warrants. See the section of this Circular entitled “SpinCo1 After the Arrangement - Stock Options and Warrants”. It is anticipated that SpinCo2 will have approximately 4,500,000 issued SpinCo2 Shares following the Arrangement and the completion of the SpinCo2 Financing on the Effective Date such that the SpinCo2 Stock Option Plan will initially have approximately 450,000 SpinCo2 Shares allotted to it without taking into account the conversion of the SpinCo2 Preferred Shares or the exercise of the SpinCo2 Warrants. See the section of this Circular entitled “SpinCo2 After the Arrangement - Stock Options and Warrants”. It is anticipated that SpinCo3 will have approximately 2,980,000 issued SpinCo3 Shares following the Arrangement and the completion of the SpinCo3 Financing on the Effective Date such that the SpinCo3 Stock Option Plan will initially have approximately 298,000 SpinCo3 Shares allotted to it without taking into account the conversion of the SpinCo3 Preferred Shares or the exercise of the SpinCo3 Warrants. See the section of this Circular entitled “SpinCo3 After the Arrangement - Stock Options and Warrants”. It is anticipated that SpinCo4 will have approximately 3,500,000 issued SpinCo4 Shares following the Arrangement and the completion of the SpinCo4 Financing on the Effective Date such that the SpinCo4 Stock Option Plan will initially have approximately 350,000 SpinCo4 Shares allotted to it without taking into account the conversion of the SpinCo4 Preferred Shares or the exercise of the SpinCo4 Warrants. See the section of this Circular entitled “SpinCo4 After the Arrangement - Stock Options and Warrants”. It is anticipated that SpinCo5 will have approximately 14,500,000 issued SpinCo5 Shares following the Arrangement and the completion of the SpinCo5 Financing on the Effective Date such that the SpinCo5 Stock Option Plan will initially have approximately 1,450,000 SpinCo5 Shares allotted to it without taking into account the conversion of the SpinCo5 Preferred Shares or the exercise of the SpinCo5 Warrants. See the section of this Circular entitled “SpinCo5 After the Arrangement - Stock Options and Warrants”. It is anticipated that SpinCo6 will have approximately 2,920,000 issued SpinCo6 Shares following the Arrangement and the completion of the SpinCo6 Financing on the Effective Date such that the SpinCo6 Stock Option Plan will initially have approximately 292,000 SpinCo6 Shares allotted to it without taking into account the conversion of the SpinCo6 Preferred Shares or the exercise of the SpinCo6 Warrants. See the section of this Circular entitled “SpinCo6 After the Arrangement - Stock Options and Warrants”. It is anticipated that SpinCo7 will have approximately 27,000,000 issued SpinCo7 Shares following the Arrangement and the completion of the SpinCo7 Financing on the Effective Date such that the SpinCo7 Stock Option Plan will initially have approximately 2,700,000 SpinCo7 Shares allotted to it without taking into account the conversion of the SpinCo7 Preferred Shares or the exercise of the SpinCo7 Warrants. See the section of this Circular entitled “SpinCo7 After the Arrangement - Stock Options and Warrants”.

Purpose of the SpinCo Stock Option Plans

The purpose of each of the SpinCo SOPs is to provide an incentive to directors, officers, employees, management companies and consultants of each SpinCo to continue their involvement with each SpinCo, to increase their efforts on each SpinCo’s behalf and to attract new qualified employees, while at the same time reducing the cash compensation the Company would otherwise have to pay. Each SpinCo SOP is also intended to assist in aligning management and employee incentives with the interests of shareholders of each SpinCo.

General Description of the Stock Option Plans

The following is a brief description of the principal terms of the each of the SpinCo SOPs, which description is qualified in its entirety by the terms of each of the SpinCo SOPs. A full copy of the each of the SpinCo SOPs is available to Telferscot Shareholders upon request and will be available at the Meeting.

Number of Shares Reserved. The number of shares of a SpinCo which may be issued pursuant to options granted under the plan shall not exceed ten (10%) percent of the issued and outstanding shares of that SpinCo from time to time at the date of grant.

Maximum Term of Options. The term of any options granted under the Plan is fixed by the board of directors and may not exceed five years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by the exchange on which such shares trade from time to time.

Amendment. The terms of an option may not be amended except in compliance with the rules of the exchange on which the SpinCo trades at the applicable time. If an option is cancelled prior to the expiry date, the SpinCo shall not grant new options to the same person until thirty days have elapsed from the date of cancellation.

Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the board of directors of the applicable SpinCo or the Committee (as hereinafter defined) from time to time and in accordance with requirements of any exchange on which the shares of the SpinCo are listed.

Termination. Any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employee, management company or consultant of the applicable SpinCo or any of its affiliates, and within generally thirty days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the shares of the applicable SpinCo.

Administration. The plan is administered by the board of directors of the applicable SpinCo or, if the board of the applicable SpinCo so elects, by a committee, which committee shall consist of at least two board members, appointed by the board of directors of the applicable SpinCo.

Board Discretion. The plan provides that, generally, the number of shares of the applicable SpinCo subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the board of directors of the applicable SpinCo or the committee and in accordance with the requirements of any exchange on which the shares of the applicable SpinCo are listed.

Approval of the Stock Option Plan Resolutions

The Telferscot Shareholders will be asked at the Meeting to approve, ratify and affirm by ordinary resolution the SpinCo Option Plan Resolutions in substantially the forms of resolution set out in Schedule "A" attached to this Circular. A full copy of the each SpinCo SOP is available to Telferscot Shareholders upon request and will be available at the Meeting.

The Board unanimously recommends that shareholders vote FOR the each SpinCo Stock Option Plan Resolution for each SpinCo.

4. THE ACQUISITION

At the Meeting, Telferscot Shareholders will be asked to consider and, if thought advisable, to pass, the Acquisition Resolution to approve the Acquisition.

In order to implement the Acquisition, the Acquisition Resolution must be approved by not less than a simple majority of the votes cast by the Telferscot Shareholders, voting together as a single class, present in person or by proxy at the Meeting. A copy of the Acquisition Resolution is attached as Schedule "A" to this Circular.

Unless otherwise directed, it is management's intention to vote IN FAVOUR of the Acquisition Resolution. If you do not specify how you want your Telferscot Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting IN FAVOUR of the Acquisition Resolution.

Background to the Acquisition

Following the termination of the transaction agreement with Auxico at the end of 2016, the Company was actively seeking an alternative transaction to provide value for the Telferscot Shareholders. The Company entered into negotiations with Canntab in the fall of 2017 to undertake a business combination whereby the Company would acquire all of the issued and outstanding securities of Canntab in exchange for securities of the Company. On November 23, 2017, the Company and Canntab entered into a letter of intent outlining the proposed transaction which was subsequently superseded and replaced by the Amalgamation Agreement.

Canntab, Telferscot and Subco have entered into the Amalgamation Agreement whereby Canntab will amalgamate with Subco to form Amalco and Telferscot will issue 23,859,656 Resulting Issuer Shares to the Canntab Shareholders, on the basis of one (1) Resulting Issuer Share for each four (4) Canntab Shares, including Canntab Shares issued on the conversion of the Canntab Subscription Receipts. Upon completion of the Amalgamation, Amalco will be a wholly-owned subsidiary of Telferscot. Completion of the Acquisition is subject to the satisfaction of certain closing conditions as set out in the Amalgamation Agreement.

Upon completion of the Acquisition, the Canntab Shareholders will own approximately 97.45 % of the Resulting Issuer Shares (97.79% on a fully diluted basis) and Telferscot Shareholders will own approximately 2.55% of the Resulting Issuer Shares (2.21% on a fully diluted basis). Subject to receipt of the required approvals from the Exchange which is a condition of closing of the Acquisition, the Resulting Issuer will continue to be listed on the Exchange.

The following are the principal elements of the Transaction.

Telferscot will acquire all of the issued and outstanding Canntab Shares by way of an amalgamation of Canntab and Subco under the provisions of the OBCA pursuant to terms of the Amalgamation Agreement. A copy of the Amalgamation Agreement has been filed on SEDAR under Telferscot's profile and a copy is attached as Schedule "C" to this Circular. The following are the principal steps to the Acquisition:

1. following completion of the Arrangement, approval of the Acquisition by the Canntab Shareholders and the Telferscot Shareholders, as well as the approval of the Consolidation Resolution, the Name Change Resolution and the Board Change by the Telferscot Shareholders, Telferscot shall complete and file Articles of Amendment, in the prescribed form, giving effect to the Consolidation and the Name Change upon, and subject to, the terms of Amalgamation Agreement;
2. at the Effective Time, Subco and Canntab shall amalgamate and continue as one company, being Amalco, pursuant to the provisions of Section 175 of the OBCA; and,
3. at the Effective Time:
 - (a) all of the Canntab Shares outstanding immediately prior to the Effective Time, including these issued on the exchange of the Canntab Subscription Receipts shall be cancelled, and holders of

Canntab Shares outstanding immediately prior to the Effective Time, other than Telferscot and Subco, shall receive in exchange for their Canntab Shares so cancelled, that number of Resulting Issuer Shares equal to the product of:

- (A) the number of Canntab Shares so cancelled; and,
 - (B) the Amalgamation Ratio;
- (b) all of the common shares of Subco outstanding immediately prior to the Effective Time shall be cancelled and replaced with an equal number of common shares of Amalco issued by Amalco;
 - (c) as consideration for the issuance of Resulting Issuer Shares pursuant to the Amalgamation, Amalco shall issue to Telferscot one (1) common share of Amalco for each Resulting Issuer Share issued;
 - (d) all Canntab Options shall be exchanged for that number of Resulting Issuer Options equal to the product of:
 - (A) the number of Canntab Options so exchanged; and,
 - (B) the Amalgamation Ratio;

with the required adjustment to the exercise price of the Canntab Options; and,

- (e) all Canntab Warrants shall be exchanged for that number of Resulting Issuer Warrants equal to the product of:
 - (A) the number of Canntab Warrants so exchanged; and
 - (B) the Amalgamation Ratio;

with the required adjustment to the exercise price of the Canntab Warrants.

No fractional Resulting Issuer Shares will be issued under the Acquisition. Where the aggregate number of Resulting Issuer Shares to be issued to any Canntab Shareholders pursuant to the Acquisition would result in a fraction of a Resulting Issuer Share being issuable, the number of Resulting Issuer Shares to be issued to such holder shall be rounded down to the next whole number, and no cash or other consideration shall be paid or payable in lieu of such fraction of a Resulting Issuer Share.

Completion of the Acquisition is subject to a number of conditions, including that all representations and warranties in the Amalgamation Agreement will be true on Closing, all covenants required to be performed will have been performed on or before Closing, all board of director and shareholder approvals will have been received, no material adverse change will have occurred to the business of either Canntab or Telferscot, and all required regulatory approvals, including the approval of the Exchange, will have been received.

The Amalgamation Agreement

Except for the Amalgamation Agreement's status as a contractual document that establishes and governs the legal relations among the parties thereto with respect to the Acquisition, its text is not intended to be, and should not be interpreted as, a source of factual, business or operational information about Canntab or Telferscot. The Amalgamation Agreement contains representations, warranties and covenants that are qualified and limited, including by information disclosed to Canntab or Telferscot in connection with the execution of the Amalgamation Agreement and certain information disclosed in public filings with Canadian securities regulatory authorities. Representations and warranties may be used as a tool to allocate risks between the respective parties to the Amalgamation Agreement, including where the parties do not have complete knowledge of all facts, instead of

establishing such matters as facts. Furthermore, the representations and warranties may be subject to standards of materiality that differ from what may be viewed as material to Telferscot Shareholders. These representations may or may not have been accurate as of any specific date and do not purport to be accurate as of the date of this Information Circular. Telferscot Shareholders may not directly enforce or rely upon the terms and conditions of the Amalgamation Agreement but should consider all information disclosed by Canntab and Telferscot in their public filings with Canadian securities regulatory authorities.

Conditions

Completion of the Amalgamation and the transactions contemplated by the Amalgamation Agreement is subject to, among other things:

1. all consents and approvals to the Amalgamation having been obtained, including approval of the Canntab Shareholders and the Telferscot Shareholders and approval of the Exchange;
2. the holders of Canntab Options and Canntab Warrants shall have agreed that on the Effective Date the Canntab Options and Canntab Warrants will be exchanged for Resulting Issuer Options and Resulting Issuer Warrants in accordance with the Amalgamation Ratio;
3. the representations and warranties in the Amalgamation Agreement made by Telferscot and Canntab shall be true and correct as of the Effective Date in all material respects;
4. a material adverse change shall not have occurred for Telferscot or Canntab;
5. the Canntab Shares held by Canntab's dissenting shareholders is less than 5% of the issued and outstanding Canntab Shares;
6. the Arrangement, Consolidation, Name Change and Board Change shall have been completed;
7. Canntab shall pay \$50,000 towards the Company's outstanding expenses;
8. Canntab shall pay \$30,000 towards the Company's professional fee transaction costs and shall be responsible for all other transaction costs.

Covenants

Pursuant to the Amalgamation Agreement, Canntab and Telferscot agree not to take any action, or refrain from taking any action or permitting any action to be taken or not taken (subject to a commercially reasonable efforts qualification) inconsistent with the provisions of the Amalgamation Agreement, or that would reasonably be expected to materially impede the completion of the Acquisition or would render, or that could reasonably be expected to render, any representation or warranty made by either party in the Amalgamation Agreement untrue or inaccurate in any material respect at any time on or before the Effective Date if then made, or that would or could have a material adverse effect on that party.

Canntab and Telferscot agreed to customary restrictions on the operations of their business prior to the Effective Time.

Canntab and Telferscot agreed to call meetings of their respective shareholders to obtain the necessary approvals to the Acquisition and all supporting resolutions.

Canntab and Telferscot agreed to use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the transactions contemplated by the Amalgamation Agreement.

Termination of Amalgamation Agreement

The Amalgamation Agreement may be terminated by the mutual written agreement of the parties, or by either party:

1. upon notice by either one to the other, and subject to cure provisions, if any condition is not satisfied or waived;
2. if there is an intentional breach of the covenants of the other party by that party or any of its directors, officers, employees, agents, consultants or other representatives, in each case on or before the Effective Date;
3. by mutual agreement between the parties; and,
4. if the Acquisition has not been completed by March 29, 2018.

Effect of the Transaction

As a result of the Acquisition:

1. the issued and outstanding Telferscot Shares will be consolidated on the basis of one (1) Resulting Issuer Share for every two hundred (200) New Shares following the completion of the Arrangement;
2. the name of the Resulting Issuer will be changed to “Canntab Therapeutics Limited”;
3. in accordance with section 175 of the OBCA, among other things, the property, rights and interests of each of Canntab and Subco will continue to be the property, rights and interests of Amalco, and Amalco will continue to be liable for the obligations of each of Canntab and Subco; and,
4. Amalco will be a wholly-owned subsidiary of Telferscot.

Officers and Directors

In connection with the Closing and the Board Change, the officers and directors of the Resulting Issuer are expected to change such that, upon completion of the Acquisition, the directors and officers of the Resulting Issuer will be as follows:

Jeff Renwick – Chief Executive Officer and Director
Richard Goldstein – Chief Financial Officer and Director
Sheldon Inwentash - Director
Vitor Fonesca - Director
Barry M. Polisuk - Director

Reasons for the Acquisition

In the course of their evaluations of the Acquisition, the Board consulted with Management and legal counsel and reviewed an extensive amount of information. The conclusions and recommendations of the Board are based upon the following factors, among others:

1. Telferscot Shareholders will benefit from the opportunity to participate in the Canntab Business and benefit from Canntab’s experienced board of directors and strong business opportunities;
2. Telferscot Shareholders will be able to participate, as shareholders of the Resulting Issuer in the Canntab Business;

3. enhanced market liquidity as a result of a significantly larger market capitalization and expanded shareholder base; and,
4. the Resulting Issuer, assuming completion of the Acquisition, will be a stronger company than Telferscot or Canntab alone.

Recommendation of the Board

The Board approved the Acquisition and authorized the submission of the Acquisition to the Telferscot Shareholders for approval. **The Board has concluded that the Acquisition is in the best interests of the Company and the Telferscot Shareholders, and recommends that the Telferscot Shareholders vote FOR the Acquisition Resolution at the Meeting.** In reaching this conclusion, the Board considered the benefits to the Company and the Telferscot Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company, Canntab and the Resulting Issuer.

Fairness of the Acquisition

In reaching its determination and recommendation, the Board considered, among others, the following factors: (a) information concerning the financial condition, results of operations, business plans and prospects of the Company both before and after giving effect to the reduction of stated capital and planned distribution; (b) the opportunity provided by the reduction of stated capital and the completion of the Arrangement for all Telferscot Shareholders to share on a pro rata basis in the Share Distributions; and (c) the tax effective structure of the Arrangement.

1. the reasons outlined under “Reasons for the Acquisition” above;
2. information with respect to the financial condition of Canntab and Telferscot;
3. the relative asset values of Canntab and Telferscot;
4. the trading price of the common shares of Telferscot prior to the announcement of the Acquisition;
5. the current economic and market conditions and trends;
6. current Telferscot Shareholders are expected to own approximately 2.55% of the issued and outstanding Resulting Issuer Shares upon completion of the Acquisition (2.21% on a fully diluted basis);
7. the requirement for approval by 66% of the votes cast by the Telferscot Shareholders represented at the Meeting in person or by proxy in favour of the Consolidation and Name Change;
8. the evaluation by the Board of other possible strategic alternatives to maximize shareholder value, and the perceived risks to Telferscot (many of which are beyond Telferscot’s control) associated with such alternatives and the timing and uncertainty of successfully accomplishing any of such alternatives, and the conclusion of the Board that none of those alternatives were reasonably likely to present superior opportunities for Telferscot, or reasonably likely to create greater value for Telferscot Shareholders in comparison to the Acquisition; and,
9. Telferscot Shareholders will still have the opportunity to benefit from other strategic alternatives through the Arrangement.

In the course of its deliberations, the Board also identified and considered a variety of risks, including, but not limited to:

1. the substantial dilution of the interests of Telferscot Shareholders in the Resulting Issuer after the Acquisition which is partially offset by the opportunity to participate in the Canntab Business; and,

2. the risks to Telferscot if the Acquisition is not completed, including the costs incurred in pursuing the Acquisition, the diverting of significant management attention away from assessing other opportunities.

The foregoing discussion of the information and factors considered by the Board is not intended to be exhaustive but summarizes the material factors considered by the Board. The Board collectively reached its decision with respect to the Acquisition in light of the factors described above and other factors that each member of the Board considered appropriate.

In reaching its determination to approve and recommend the Acquisition, the Board did not find it useful or practicable to, and did not, quantify, rank or otherwise attempt to make any specific assessments of, or otherwise assign any relative or specific weight to, the factors that were considered. The Board's determination and recommendation were made after consideration of all of the factors relating to the Acquisition and in light of their own knowledge of the business, financial condition and prospects of Telferscot and were based upon the advice of the financial and legal advisors to the Board. Individual directors may have assigned or given different weights to different factors.

The Board unanimously recommends that the Telferscot Shareholders vote in favour of the Acquisition.

Approval of the Acquisition Resolution

In order for the Acquisition to become effective, the Acquisition Resolution must be passed, with or without variation, by a special resolution of at a simple majority of the eligible votes cast in respect of the Acquisition Resolution by Telferscot Shareholders present in person or by proxy at the Meeting.

5. MATTERS IN SUPPORT OF THE ACQUISITION – THE CONSOLIDATION

At the Meeting, Telferscot Shareholders will be asked to consider and, if thought advisable, to pass, the Consolidation Resolution to approve the Consolidation to facilitate the completion of the Acquisition.

In order to implement the Consolidation, the Consolidation Resolution must be approved by not less than two-thirds of the votes cast by the Telferscot Shareholders, voting together as a single class, present in person or by proxy at the Meeting. A copy of the Consolidation Resolution is attached as Schedule "A" to this Circular.

Unless otherwise directed, it is management's intention to vote IN FAVOUR of the Consolidation Resolution. If you do not specify how you want your Telferscot Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting IN FAVOUR of the Consolidation Resolution.

Reasons for the Consolidation

As a condition to the Amalgamation Agreement, Telferscot is required to amend its capital structure following the completion of the Arrangement by consolidating the issued and outstanding New Common Shares on the basis of one (1) Resulting Issuer Share for every two hundred (200) New Common Shares issued and outstanding following the completion of the Arrangement.

Effects of the Consolidation

The Consolidation will result in Telferscot Shareholders holding a smaller number of Resulting Issuer Shares. The resulting number of Resulting Issuer Shares held after the Consolidation will be determined based on the Consolidation Ratio. In the event the Consolidation Resolution is approved, the Consolidation Ratio will be one (1) Resulting Issuer Share for every two hundred (200) New Shares following completion of the Arrangement. However, the Consolidation will not affect any Telferscot Shareholder's percentage ownership interest or voting rights in Telferscot, except to the extent that the Consolidation would otherwise result in any Shareholder owning a fractional Resulting Issuer Share. Any fractional Resulting Issuer Shares resulting from the Consolidation will be rounded up to the next whole Resulting Issuer Share if such fractional Share is equal to or greater than one-half of a

Resulting Issuer Share and rounded down to the next whole Resulting Issuer Share if such fractional Resulting Issuer Share is less than one-half of a Resulting Issuer Share.

At February 21, 2018, the total number of issued and outstanding Telferscot Shares was 125,000,000. Accordingly, the total number of Resulting Issuer Shares issued and outstanding after the Consolidation is expected to be 625,000.

In general, the Consolidation will not be considered to result in a disposition of New Shares by Telferscot Shareholders for Canadian federal income tax purposes. The aggregate adjusted cost base to a Telferscot Shareholder for such purposes of all New Shares held by the Telferscot Shareholder will not change as a result of the Consolidation; however, the Telferscot Shareholder's adjusted cost base per Resulting Issuer Share will increase proportionately.

Effect on Non-Registered Holders

Non-Registered Holders holding their Telferscot Shares through an Intermediary should note that such Intermediary may have different procedures for processing the Consolidation than those that will be put in place by Telferscot for registered Telferscot Shareholders. If you hold your Telferscot Shares with such Intermediary and if you have questions in this regard, you are encouraged to contact your Intermediary.

Exchange of Share Certificates

After the Consolidation is approved by Telferscot Shareholders, accepted by the Exchange, and implemented by the Board, Telferscot Shareholders will be required to exchange their share certificates representing their Telferscot Shares for new share certificates representing Resulting Issuer Shares.

Following a determination by the Board to implement the Consolidation, it is expected that Capital Transfer will send a letter of transmittal to each Telferscot Shareholder as soon as practicable after the implementation of the Consolidation. The letter of transmittal will contain instructions on how Telferscot Shareholders can surrender their share certificates representing Telferscot Shares to Capital Transfer. Capital Transfer will forward to each Telferscot Shareholder who has sent in their share certificates representing Telferscot Shares, along with such other documents as Capital Transfer may require, a new share certificate representing the number of Resulting Issuer Shares to which such Telferscot Shareholder is entitled. No share certificates for fractional Resulting Issuer Shares will be issued.

Telferscot Shareholders should not destroy any share certificate and should not submit any share certificate for a new share certificate until requested to do so.

Procedures for Implementing the Consolidation

If the Telferscot Shareholders approve the Consolidation Resolution set out below, the Board will have the authority, in its sole discretion, to determine whether or not to implement the Consolidation. If the Board decides to implement the Consolidation, Telferscot will promptly make the required filings. The Consolidation will be effective on the date on which the Board determines to carry out the Consolidation in conjunction with the Closing of the Acquisition. Following the Effective Date, the Resulting Issuer will cause letters of transmittal, as described above, to be mailed to the Telferscot Shareholders.

Certain Risks associated with the Consolidation

The effect of the Consolidation upon the market price of the Resulting Issuer Shares cannot be predicted with any certainty, and the history of similar share consolidations for corporations similar to Telferscot is varied. There can be no assurance that the total market capitalization of the Resulting Issuer Shares immediately following the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-share market price of the Resulting Issuer Shares following the Consolidation will remain higher than the per-share market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Resulting

Issuer Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation. Furthermore, the Consolidation may lead to an increase in the number of Telferscot Shareholders who will hold “odd lots”; that is, a number of shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the shares). As a general rule, the cost to Telferscot Shareholders transferring an odd lot of Resulting Issuer Shares is somewhat higher than the cost of transferring a “board lot”. Nonetheless, despite the risks and the potential increased cost to Telferscot Shareholders in transferring odd lots of Resulting Issuer Shares, the Board believes the Consolidation is in the best interest of all Telferscot Shareholders.

Recommendation of the Board

The Board has reviewed and considered all material facts relating to the Consolidation which it has considered to be relevant to Telferscot Shareholders. It is the unanimous recommendation of the Board that Telferscot Shareholders vote for the Consolidation Resolution.

Approval of the Consolidation Resolution

Under the CBCA, the Consolidation requires approval by a special resolution and, as such, the affirmative votes of not less than 66⅔% of the votes cast at the Meeting, in person or by proxy, are required in order for the Consolidation Resolution to be considered approved by the Telferscot Shareholders. Under the CBCA, Telferscot Shareholders do not have dissent and appraisal rights with respect to the proposed Consolidation.

6. MATTERS IN SUPPORT OF THE ACQUISITION – THE NAME CHANGE

At the Meeting, Telferscot Shareholders will be asked to consider and, if thought advisable, to pass, the Name Change Resolution to approve the Name Change to facilitate the completion of the Acquisition.

In order to implement the Name Change, the Name Change Resolution must be approved by not less than two-thirds of the votes cast by the Telferscot Shareholders, voting together as a single class, present in person or by proxy at the Meeting. A copy of the Name Change Resolution is attached as Schedule “A” to this Circular.

Unless otherwise directed, it is management’s intention to vote IN FAVOUR of the Name Change Resolution. If you do not specify how you want your Telferscot Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting IN FAVOUR of the Name Change Resolution.

Reasons for the Name Change

Approval to the Name Change of the Company to Canntab Therapeutics Limited is a condition to the completion of the Acquisition.

Approval of the Name Change Resolution

Under the CBCA, the Name Change requires approval by a special resolution and, as such, the affirmative votes of not less than 66 and ⅔ percent of the votes cast at the Meeting, in person or by proxy, are required in order for the Name Change Resolution to be considered approved by the Telferscot Shareholders. Under the CBCA, Telferscot Shareholders do not have dissent and appraisal rights with respect to the proposed Name Change.

7. MATTERS IN SUPPORT OF THE ACQUISITION – THE BOARD CHANGE

Reasons for the Board Change

It is condition to the completion of the Acquisition that the current directors of Telferscot be replaced with the following individuals: Vitor Fonseca, Richard Goldstein, Sheldon Inwentash, Barry M. Polisuk and Jeff Renwick (the “**Canntab Nominees**”). As the Board currently consists of three individuals, the only way to facilitate the Board Change is to have the Telferscot Shareholders elect the Canntab Nominees at the Meeting with such election only to be effective concurrently with the completion of the Acquisition.

The persons named in the enclosed form of proxy intend to vote for the election as directors of the Company, the five (5) Canntab Nominees whose names are set out below. Such election will only be effective on the closing of the Acquisition. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of Resulting Issuer or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Company. The following table and notes thereto state the names of all the persons proposed to be nominated for election as directors, all of the positions and offices with the Canntab now held by them, their present principal occupations or employments and the number of Resulting Issuer Shares to be beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them as on the completion of the Acquisition. The information as to shares beneficially owned has been furnished to the Company by the Canntab Nominees.

<u>Name Municipality of Residence</u>	<u>Position with Company</u>	<u>Principal Occupation or Employment for the Last Five Years</u>	<u>Director From</u>	<u>Number of Resulting Issuer Shares Beneficially Owned or Controlled</u>
Jeff Renwick Toronto, Ontario	Chief Executive Officer, Promoter and Director	President of Standard Biochem Inc.	N/A	3,838,000
Richard Goldstein Toronto, Ontario	Director, Chief Financial Officer and Promoter	President of First Republic Capital Corporation	N/A	3,838,000
Sheldon Inwentash ⁽¹⁾ Toronto, Ontario	Director	President of ThreeD Capital Inc.	N/A	600,000
Vitor Fonseca ⁽¹⁾ Toronto, Ontario	Director	Vice President and Treasurer of Romspen Investment Corporation	N/A	0
Barry M. Polisuk ⁽¹⁾ Toronto, Ontario	Director	Partner at Garfinkle Biderman LLP	N/A	320,000

Note:

(1) Proposed Member of the Audit Committee.

For biographical information on each of the Canntab Nominees please see **Schedule “H”** - “Information Concerning the Resulting Issuer – Directors and Officers”.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Except as disclosed below, none of the Canntab Nominees is, or within the past ten years prior to the date hereof has been, a director, officer or promoter of any other issuer that, while that person was acting in that capacity:

- (1) was subject to a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or,
- (2) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties or Sanctions

None of the Canntab Nominees has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions

imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the Canntab Nominees has, within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflict of Interest

To the best of the Corporation's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Corporation, its promoters, directors, officers or other members of management of the Corporation except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a director, officer, promoter or management of the Corporation.

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

Approval of the Board Change

At the Meeting, Telferscot Shareholders will be asked to consider and, if thought advisable, to elect the Canntab Nominees conditional on the completion of the Acquisition.

Unless otherwise directed, it is management's intention to vote IN FAVOUR of the election of each Canntab Nominee. If you do not specify how you want your Telferscot Shares voted, the persons named as proxy-holders will cast the votes represented by your proxy at the Meeting IN FAVOUR of the election of each Canntab Nominee.

INCOME TAX CONSIDERATIONS

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following fairly summarizes the principal Canadian federal income tax considerations relating to the Arrangement applicable to a Telferscot Shareholder (in this summary, a "**Holder**") who, at all material times for purposes of the Tax Act:

- (a) holds all Telferscot Shares, and will hold all Resulting Issuer Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares or SpinCo7 Shares, solely as capital property;
- (b) deals at arm's length with the Company, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7;
- (c) is not "affiliated" with the Company or SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7;
- (d) is not a "financial institution" for the purposes of the mark-to-market rules in the Tax Act; and,
- (e) has not acquired Telferscot Shares on the exercise of an employee stock option.

Telferscot Shares, Resulting Issuer Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares generally will be considered to be capital property of the Holder unless the Holder holds the shares in the course of carrying on a business or acquired them in a transaction considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act, the Regulations and management's understanding of the current administrative practices and policies of the Canada Revenue Agency (the "CRA"). It also takes into account specific proposals to amend the Tax Act and Regulations (the "Proposed Amendments") announced by the Minister of Finance (Canada) prior to the date hereof. It is assumed that all Proposed Amendments will be enacted in their present form, and that there will be no other relevant change to any relevant law or administrative practice, although no assurances can be given in these respects. This summary does not take into account any provincial, territorial, or foreign income tax considerations which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary also assumes that at the Effective Date under the Arrangement and all other material times thereafter,

- (a) the paid-up capital of the Telferscot Class A Shares (the re-designated Telferscot Shares) as computed for the purposes of the Tax Act will not be less than the fair market value of the Assets to be transferred to SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 pursuant to the Arrangement,

and is qualified accordingly.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any Telferscot Shareholder. Accordingly, Telferscot Shareholders should each consult their own tax and legal advisers for advice as to the income tax consequences of the Arrangement applicable to them in their particular circumstances.

Holders Resident in Canada

The following portion of the summary is applicable only to Holders (each, in this portion of the summary, a "Resident Holder") who are or are deemed to be residents in Canada for the purposes of the Tax Act.

Exchange of Telferscot Shares for New Shares and Telferscot Class A Preferred Shares

A Resident Holder whose Telferscot Class A Shares (the re-designated Telferscot Shares) are exchanged for New Shares and Telferscot Class A Preferred Shares pursuant to the Arrangement will not realize any capital gain or loss as a result of the exchange. The Resident Holder will be required to allocate the adjusted cost base ("ACB") of the Holder's Telferscot Shares, determined immediately before the Arrangement, *pro-rata* to the New Shares and Telferscot Class A Preferred Shares received on the exchange based on the relative fair market values of those New Shares and Telferscot Class A Preferred Shares immediately after the exchange.

Redemption of Telferscot Class A Preferred Shares

Pursuant to the Arrangement, the paid-up capital of the Telferscot Class A Shares immediately before their exchange for New Shares and Telferscot Class A Preferred Shares will be allocated to the Telferscot Class A Preferred Shares to be issued on the exchange to the extent of an amount equal to the fair market value of the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to be issued to Telferscot pursuant to the Arrangement in consideration for the Assets and the balance of such paid-up capital will be allocated to the New Shares to be issued on the exchange.

The Company expects that the fair market value of the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to be so issued will be materially less than the paid-up

capital of the Telferscot Class A Shares immediately before the exchange. Accordingly, the Company is not expected to be deemed to have paid, and no Resident Holder is expected to be deemed to have received, a dividend as a result of the distribution of SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares on the redemption of the Telferscot Class A Preferred Shares pursuant to the Arrangement.

Each Resident Holder whose Telferscot Class A Preferred Shares are redeemed for SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares pursuant to the Arrangement will realize a capital gain (capital loss) equal to the amount, if any, by which the fair market value of the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares, less reasonable costs of disposition, exceed (are exceeded by) their ACB immediately before the redemption. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below (see the section of this Circular entitled “Holders Resident in Canada - Taxation of Capital Gains and Losses”).

The cost to a Resident Holder of Telferscot Class A Preferred Shares acquired on the exchange will be equal to the fair market value of the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares at the time of their distribution.

Disposition of Resulting Issuer Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares

A Resident Holder who disposes of a Resulting Issuer Share or a SpinCo1 Share, SpinCo2 Share, SpinCo3 Share, SpinCo4 Share, SpinCo5 Share, SpinCo6 Share or SpinCo7 Share will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below. See the section of this Circular entitled “Holders Resident in Canada - Taxation of Capital Gains and Losses”.

Taxation of Capital Gains and Losses

A Resident Holder who realizes a capital gain (capital loss) in a taxation year must include one half of the capital gain (“taxable capital gain”) in income for the year, and may deduct one half of the capital loss (“allowable capital loss”) against taxable capital gains realized in the year, and to the extent not so deductible, against taxable capital gains arising in any of the three preceding taxation years or any subsequent taxation year.

The amount of any capital loss arising from a disposition or deemed disposition of a Telferscot Class A Preferred Share, Resulting Issuer Share, or a SpinCo1 Share, SpinCo2 Share, SpinCo3 Share, SpinCo4 Share, SpinCo5 Share, SpinCo6 Share or SpinCo7 Share by a Resident Holder that is a corporation may, to the extent and under circumstances specified in the Tax Act, be reduced by the amount of certain dividends received or deemed to be received by the corporation on the share. Similar rules may apply if the corporation is a member of a partnership or beneficiary of a trust that owns shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns shares.

A Resident Holder that is a “Canadian-controlled private corporation” for the purposes of the Tax Act may be required to pay an additional 6% refundable tax in respect of any net taxable capital gain that it realizes on disposition of a Telferscot Class A Preferred Share, Resulting Issuer Share or a SpinCo1 Share, SpinCo2 Share, SpinCo3 Share, SpinCo4 Share, SpinCo5 Share, SpinCo6 Share or SpinCo7 Share.

Taxation of Dividends

A Resident Holder who is an individual will be required to include in income any dividend that the Resident Holder receives, or is deemed to receive, on Resulting Issuer Shares or SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares,

SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares or SpinCo7 Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations.

A Resident Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to be received on Resulting Issuer Shares or SpinCo1 Shares, SpinCo2 Shares or SpinCo3 Shares and generally will be entitled to deduct an equivalent amount in computing its taxable income. A “private corporation” (as defined in the Tax Act) or any other corporation controlled or deemed to have controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the Tax Act to pay a refundable tax of 33 $\frac{1}{3}$ % on any dividend that it receives or is deemed to be received on Resulting Issuer Shares or SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares or SpinCo7 Shares to the extent that such dividends are deductible in computing the corporation’s taxable income. Any such Part IV tax will be refundable to it at the rate of \$1 for every \$3 of taxable dividends that it pays on its shares.

Alternative Minimum Tax on Individuals

A capital gain realized, or deemed to be realized, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability to alternative minimum tax under the Tax Act.

Dissenting Resident Holders

A Resident Holder who validly exercises Dissent Rights (a “**Resident Dissenter**”) and consequently is paid the fair value for the Resident Dissenter’s Telferscot Shares in accordance with the Arrangement will be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Resident Dissenter’s Telferscot Shares. Any such deemed dividend will be subject to tax as discussed above in the section of this Circular entitled “Holders Resident in Canada - Taxation of Dividends”. The Resident Dissenter will also realize a capital gain (capital loss) equal to the amount, if any, by which the payment, less the deemed dividend (if any) and less reasonable costs of disposition, exceeds (is exceeded by) the ACB of the shares. The Resident Dissenter will be required to include any resulting taxable capital in income, and to deduct any resulting allowable capital loss, in accordance with the usual rules applicable to capital gains and losses. See the section of this Circular entitled “Holders Resident in Canada - Taxation of Capital Gains and Losses”.

The Resident Dissenter must also include in income any interest awarded by a court to the Resident Dissenter.

Eligibility for Investment

Telferscot Class A Preferred Shares and Resulting Issuer Shares will be qualified investments under the Tax Act for trusts governed by Registered Plans at any particular time provided that, at that time, either the shares are listed on a “prescribed stock exchange” or Telferscot is a “public corporation” as defined for the purposes of the Tax Act.

SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares will be qualified investments under the Tax Act for Registered Plans at any particular time provided that, at that time, the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares are listed on a “prescribed stock exchange” or SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 or SpinCo7 is a “public corporation” as so defined.

The Company expects that the Telferscot Class A Preferred Shares, Resulting Issuer Shares, SpinCo1 Shares, SpinCo2 Shares and SpinCo3 Shares will each be shares in a “public corporation” as so defined.

Holders Not Resident in Canada

The following portion of this summary is applicable only to Holders (each in this portion of the summary a “**Non-resident Holder**”) who:

- (a) have not been, are not, and will not be resident or deemed to be resident in Canada for purposes of the Tax Act;

- (b) do not and will not, be deemed to, use or hold Telferscot Shares, Resulting Issuer Shares, Telferscot Class A Preferred Shares, or SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares or SpinCo7 Shares in connection with carrying on a business in Canada; and,
- (c) whose Telferscot Class A Shares (the re-designated Telferscot Shares), Telferscot Class A Preferred Shares, Resulting Issuer Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares will not at the Effective Date under the Arrangement, or at any material time thereafter, constitute “taxable Canadian property” for the purposes of the Tax Act.

Generally, a Telferscot Class A Share, Telferscot Class A Preferred Share, Resulting Issuer Share, or SpinCo1 Share, SpinCo2 Share, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares or SpinCo7 Shares, as applicable, owned by a Non-resident Holder will not be taxable Canadian property of the Non-resident Holder at a particular time provided that, at that time, (i) the share is listed on a prescribed stock exchange (which includes the Exchange), (ii) neither the Non-resident Holder nor persons with whom the Non-resident Holder does not deal at arm’s length alone or in any combination has owned 25% or more of the shares of any class or series in the capital of the issuing corporation within the previous five years, and (iii) the share was not acquired in a transaction as a result of which it was deemed to be taxable Canadian property of the Non-resident Holder.

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.

Capital Gains and Capital Losses on Share Exchanges and Subsequent Dispositions of Shares

A Non-resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange of Telferscot Class A Shares (the re-designated Telferscot Shares) for New Shares and Telferscot Class A Preferred Shares, nor on the redemption of Telferscot Class A Preferred Shares in consideration for SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares.

Similarly, any capital gain realized by a Non-resident Holder on the subsequent disposition or deemed disposition of a Resulting Issuer Share or SpinCo1 Share, SpinCo2 Share, SpinCo3 Share, SpinCo4 Share, SpinCo5 Share, SpinCo6 Share or SpinCo7 Share acquired pursuant to the Arrangement will not be subject to tax under the Tax Act, provided either that the shares do not constitute taxable Canadian property of the Non-resident Holder at the time of disposition, or an applicable income tax treaty exempts the capital gain from tax under the Tax Act.

Non-resident Holders will be exempt from the reporting and withholding obligations of section 116 of the Tax Act in respect of the disposition of Telferscot Class A Shares and Telferscot Class A Preferred Shares pursuant to the Arrangement.

Deemed Dividends on the Redemption of Telferscot Class A Preferred Shares

For the reasons set above in the section of this Circular entitled “Holders Resident in Canada - Redemption of Telferscot Class A Preferred Shares”, the Company expects that no Non-Resident Holder will be deemed to have received a dividend on the redemption of Telferscot Class A Preferred Shares for SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares.

Taxation of Dividends

A Non-resident Holder to whom a dividend on a New Share or SpinCo1 Share, SpinCo2 Share, SpinCo3 Share, SpinCo4 Share, SpinCo5 Share, SpinCo6 Share or SpinCo7 Share is or is deemed to be paid, or credited, will be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, unless reduced by an applicable income tax treaty, if any, between Canada and the jurisdiction of residence of the Non-resident Holder.

Dissenting Non-resident Holders

A Non-resident Holder who validly exercises Dissent Rights (a “**Non-resident Dissenter**”) and consequently is paid the fair value for the Non-resident Dissenter’s Telferscot Shares in accordance with the Arrangement, will be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Non-resident Dissenter’s Telferscot Shares. Any such deemed dividend will be subject to tax as discussed above in the section of this Circular entitled “**Holdings Not Resident in Canada - Taxation of Dividends**”. The Non-resident Dissenter will not be subject to tax under the Tax Act on any capital gain that may arise in respect of the resulting disposition of the Telferscot Shares.

The Non-resident Holder will not be subject to Canadian withholding tax on that portion of any such payment that is on account of interest, provided that the Non-resident Holder deals at arm’s length with the Company at that time.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR THE ACQUISITION

Holdings Resident in Canada

A Resident Holder who is resident in Canada generally will not be deemed to have disposed of their Telferscot Shares upon the Acquisition. In such circumstances, the Resident Holder will not realize a capital gain or a capital loss as a result of the Acquisition.

Holdings not Resident in Canada

A Non-resident Holder generally will not be deemed to have disposed of their Telferscot Shares upon the Acquisition. In such circumstances, the Non-resident Holder will not realize a capital gain or a capital loss as a result of the Acquisition.

SECURITIES LAWS MATTERS

CANADIAN SECURITIES LAWS MATTERS

The following is a brief summary of the Canadian Securities Laws considerations applicable to the Arrangement, the Acquisition and the transactions contemplated therein.

Each Telferscot Shareholder is urged to consult such Telferscot Shareholder’s professional advisors to determine the Canadian conditions and restrictions applicable to trades in Resulting Issuer Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to be distributed pursuant to the Arrangement and the Acquisition.

The distribution of the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian Securities Laws and is not subject to the registration requirements under applicable securities legislation in reliance on the exemptions found in section 2.11(a) of National Instrument 45-106 – *Prospectus Exemptions*. On completion of the Arrangement, each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 will be deemed under Canadian Securities Laws to have been a reporting issuer in the provinces of Alberta, British Columbia, Manitoba and Ontario. The SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares received pursuant to the Arrangement will not be legended and may be resold in each of the provinces of Canada provided that (i) the trade is not a “control distribution” as defined in NI 45-102 – *Resale of Securities*, (ii) no unusual effort is made to prepare the market or to create a demand for the shares of the applicable SpinCo, (iii) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of the applicable SpinCo, the selling security holder has no reasonable grounds to believe that the applicable SpinCo is in default of applicable Canadian Securities Laws.

The issue of Resulting Issuer Shares to Canntab Shareholders pursuant to the Acquisition will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is not subject to the registration requirements under applicable securities legislation in reliance on the exemptions found in section 2.11(a) of NI 45-102. The Resulting Issuer Shares issued pursuant to the Acquisition will not be legended and may be resold in each of the provinces of Canada provided that (i) the trade is not a “control distribution” as defined in NI 45-102, (ii) no unusual effort is made to prepare the market or to create a demand for the Resulting Issuer Shares, (iii) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of the Resulting Issuer, the selling security holder has no reasonable grounds to believe that the Resulting Issuer is in default of applicable Canadian Securities Laws made pursuant to exemptions from the registration and prospectus requirements contained in applicable provincial securities legislation in Canada.

The foregoing discussion is only a general overview of the requirements of Canadian Securities Laws for the resale of the Resulting Issuer Shares and the SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares received upon completion of the Arrangement and the Acquisition. All holders of Telferscot Shares are urged to consult with their own legal counsel to ensure that any resale of their New Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares complies with applicable securities legislation.

UNITED STATES SECURITIES LAW MATTERS

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Telferscot Shareholders. All Telferscot Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to be received pursuant to the Arrangement complies with applicable securities legislation. Further information applicable to U.S. Shareholders is disclosed in the section of this Circular entitled “Notice to U.S. Shareholders”.

Exemption from the Registration Requirement of the U.S. Securities Act

The Telferscot Class A Preferred Shares, the New Shares, the SpinCo1 Shares, the SpinCo2 Shares, the SpinCo3 Shares, the SpinCo4 Shares, the SpinCo5 Shares, the SpinCo6 Shares and the SpinCo7 Shares to be issued to Telferscot Shareholders in exchange for their Telferscot Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or applicable state securities laws, and are being issued and exchanged in reliance on the exemption from the registration requirements of the U.S. Securities Act set out in Section 3(a)(10) thereof and exemptions provided under the securities laws of each state of the United States in which Shareholders reside. Section 3(a)(10) of the 1933 Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof with respect to the Telferscot Class A Preferred Shares, New Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to be issued to Telferscot Shareholders in exchange for their Telferscot Shares pursuant to the Arrangement. The Court will be advised that the Court’s approval, if obtained, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act.

The Resulting Issuer Shares to be issued to Canntab Shareholders in exchange for their Canntab Shares pursuant to the Acquisition have not been and will not be registered under the U.S. Securities Act or applicable state securities laws, and are being issued and exchanged in reliance on the exemption from the registration requirements of the U.S. Securities Act set out in Rule 501 of Regulation D to the U.S. Securities Act and exemptions provided under the securities laws of each state of the United States in which Shareholders reside.

Resales of Securities After the Effective Date

The manner in which a Telferscot Shareholder may resell SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares issued to such Telferscot Shareholder at the Effective Time will depend on whether such Telferscot Shareholder is an “affiliate” of the applicable SpinCo after the Effective Date or was an affiliate of the applicable SpinCo within three months prior to the Effective Date.

The manner in which a holder of Resulting Issuer Shares may resell Resulting Issuer Shares issued to such holder at the Effective Time will depend on whether such holder of Resulting Issuer Shares is an “affiliate” of the Resulting Issuer after the Effective Date or was an affiliate of Telferscot or Canntab within three months prior to the Effective Date.

As defined in Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer. Typically, persons who are executive officers, directors or principal shareholders of an issuer are considered to be its “affiliates”. The United States federal resale rules applicable to Shareholders are summarized below.

Non-affiliates Before and After the Effective Time

Persons who are not affiliates of the applicable entities within three months before the Effective Date and who will not be affiliates of the applicable entities after the Effective Date may resell their securities issued to them at the Effective Time without restriction under the 1933 Act.

Resales by “affiliates” Pursuant to Rule 144

In general, pursuant to Rule 144, Persons who are “affiliates” of the applicable entities after the Effective Date, or were “affiliates” of the applicable entities within three months prior to the Effective Date, will be entitled to sell those securities that they receive pursuant to the Arrangement or the Acquisition, as applicable, provided that, during any three-month period, the number of such securities sold does not exceed the greater of 1% of the then-outstanding securities of the applicable entity or, if securities of the applicable entity are then listed on a U.S. securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of shares of the applicable entity during the four calendar week period preceding the date of sale, subject to specified restrictions on manner of sale requirements, aggregation rules, notice filing requirements and the availability of current public information about the applicable entity.

Resales by “affiliates” Pursuant to Regulation S

In general, pursuant to Regulation S under the U.S. Securities Act, persons who are “affiliates” of an applicable entity after the Effective Date, or were affiliates of the applicable entities within three months prior to the Effective Date, solely by virtue of their status as an officer or director of the applicable entity may sell their securities of the applicable entity outside the United States in an “offshore transaction” if none of the seller, an affiliate or any person acting on their behalf engages in “directed selling efforts” in the United States with respect to such securities and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, “directed selling efforts” means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered. Also, for purposes of Regulation S, an offer or sale of securities is made in an “offshore transaction” if the offer is not made to a person in the United States and either (a) at the time the buy order is originated, the buyer is outside the United States, or the seller reasonably believes that the buyer is outside of the United States, or (b) the transaction is executed in, on or through the facilities of a “designated offshore securities market” (which would include a sale through the Exchange), and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States. Certain additional restrictions set out in Rule 903 of Regulation S are applicable to sales outside the United States by a holder of securities of an applicable entity who is an “affiliate” of such applicable entity after the Effective Date, or was an

“affiliate” of the applicable entities within three months prior to the Effective Date, other than by virtue of his or her status as an officer or director of the applicable entities.

The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the securities received upon completion of the Arrangement and the Acquisition. All holders of securities received in connection with the Arrangement and the Acquisition are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

RIGHTS OF DISSENT

The CBCA does not contain a provision requiring the Company to purchase Telferscot Shares from Telferscot Shareholders who dissent from the Arrangement. However, pursuant to the terms of the Interim Order and the Plan of Arrangement, the Company has granted the Telferscot Shareholders who object to the Arrangement Resolution the right to dissent (the “**Right of Dissent**”) in respect of the Arrangement. A Dissenting Shareholder will be entitled to be paid in cash the fair value of the Dissenting Shareholder’s Telferscot Shares so long as the dissent procedures are strictly adhered to. The Dissent Right is granted in Article 5 of the Plan of Arrangement. **A registered Dissenting Shareholder who intends to exercise the Dissent Right is referred to the full text of Section 190 of the CBCA which is set out in Schedule “E” to this Circular.**

The following description of the right of dissenting Telferscot Shareholders in respect of the Arrangement Resolution is not a comprehensive statement of the procedures to be followed by a dissenting Telferscot Shareholder who seeks payment of the fair value of his or her Telferscot Shares and is qualified in its entirety by the reference to the full text of Section 190 of the CBCA, which is attached as Schedule “E” to this Circular. The statutory provisions covering the Right of Dissent and appraisal are technical and complex. **Any Telferscot Shareholders who wish to exercise their Rights of Dissent and appraisal in respect of the Arrangement Resolution should seek their own legal advice, as failure to comply strictly with the provisions of Section 190 of the CBCA may result in a loss of all rights thereunder.**

Any Registered Shareholder is entitled, in addition to any other right he or she may have, to dissent (“**Dissenting Shareholder**”) and to be paid by the Company the fair value of the Telferscot Shares owned by him or her in respect of which he or she dissents, determined as of the close of business on the last business day before the day on which the resolution from which he or she dissents was adopted.

A Dissenting Shareholder is not entitled to dissent with respect to any Telferscot Shares if such Dissenting Shareholder votes (or instructs or is deemed, by submission of an incomplete proxy, to have instructed a proxy-holder to vote) any shares in favour of the Arrangement, but such Dissenting Shareholder may abstain from voting on the Arrangement Resolution (or from submitting a proxy) without affecting the Dissenting Shareholder’s dissent rights.

A Dissenting Shareholder may dissent only with respect to all of the Telferscot Shares owned by such Dissenting Shareholder on his or her own behalf or on behalf of any one beneficial owner and registered in his or her name. **Persons who are beneficial owners of Telferscot Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered owner of such Telferscot Shares is entitled to dissent. Accordingly, a beneficial owner of Telferscot Shares desiring to exercise his or her right to dissent must make arrangements for the Telferscot Shares beneficially owned by him or her to be registered in his or her name prior to the time the written objection to the Arrangement Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of his or her Telferscot Shares to dissent on his or her behalf.**

A Dissenting Shareholder must send to the Company a written objection to the Arrangement Resolution, which written objection (the “**Objection Notice**”) must be received by the Company by 5:00 p.m. on March 20, 2018 or by 5:00 p.m. on the second Business Day before the resumption of Meeting following any postponement or adjournment thereof unless the Company did not give notice to the Dissenting Shareholder of the purpose of the Meeting and of his or her Right of Dissent. If the Arrangement Resolution is passed, the Company is required to give each Dissenting Shareholder who filed an Objection Notice, notice of the adoption of the Arrangement Resolution (the “**Adoption Notice**”). The Dissenting Shareholder is then required within twenty (20) days after

receipt of the Adoption Notice to make a demand for payment of fair value of his or her Telferscot Shares (the “**Demand for Payment**”).

A Dissenting Shareholder ceases to have any rights as a Telferscot, other than the right to be paid the fair value of his or her Telferscot Shares, on the earliest of the closing of the Arrangement, the making of an agreement between the Company and the Dissenting Shareholder as to the payment to be made for the Dissenting Shareholder’s shares or the pronouncement of the order of the Court fixing the fair value of the shares. Until any of the foregoing events occur, the Dissenting Shareholder may withdraw his or her dissent, or the Company may rescind the Arrangement Resolution and in either event, proceedings under Section 190 shall be discontinued.

Not later than seven (7) days after the later of the receipt of a Demand for Payment and the closing of Arrangement, the Company is then required to send to each Dissenting Shareholder delivering a Demand for Payment a written offer to pay (the “**Offer to Pay**”) the amount considered by the Board to be the fair value thereof accompanied by a statement showing how the fair value was determined.

If the Company fails to make an Offer to Pay or a Dissenting Shareholder fails to accept the Offer to Pay, the Company may apply to the Court to fix the fair value. If the Company fails to apply to the Court, a Dissenting Shareholder may apply.

A Dissenting Shareholder may make an agreement with the Company for the purchase of the Dissenting Shareholder’s shares by the Company, in the amount of the offer by the Company or otherwise, at any time before the Court pronounces an order fixing the fair value of the Telferscot Shares.

On an application under Section 190, the Court must make an order fixing the fair value of the Telferscot Shares of all Dissenting Shareholders, giving judgment in that amount against the Company and in favour of each Dissenting Shareholder, and fixing the time within which the Company must pay that amount to a Dissenting Shareholder. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the date on which the Dissenting Shareholder ceases to have any rights as a Telferscot Shareholder until the date of payment.

The Dissenting Shareholder is not required to give security for costs in respect of an application to the Court to fix the fair value of the Dissenting Shareholder’s shares.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder of the Company who seeks payment of the fair value of his or her Telferscot Shares.

Shareholders who wish to exercise their Right of Dissent should carefully review Section 190 of the CBCA attached as Schedule “E” to this Circular and seek independent legal advice, as failure to adhere strictly to the Right of Dissent requirements may result in the loss of any right to dissent.

RISK FACTORS FOR THE ARRANGEMENT AND THE ACQUISITION

The securities of Telferscot (and correspondingly those of the Resulting Issuer and the Distributed Shares) should be considered highly speculative due to the nature of the Resulting Issuer’s proposed business and the business to be carried on by each SpinCo. An investment in Telferscot, the Resulting Issuer or any SpinCo is highly speculative. Such investment will be subject to certain material risks and investors should not invest in securities of Telferscot, the Resulting Issuer or the SpinCos unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Resulting Issuer and the SpinCos. In evaluating Telferscot, the Resulting Issuer, the SpinCos and their prospective business, investors should carefully consider these, in addition to the other information contained in this Circular. Readers should note that this list is not a definitive list of all risk factors associated with an investment in Telferscot or the Resulting Issuer or the SpinCos or in connection with the Resulting Issuer’s proposed operations upon completion of the Acquisition or in connection with each of the SpinCos proposed operations upon completion of the Arrangement, and other events could arise that have a material adverse effect on the business of Telferscot or the Resulting Issuer or the SpinCos.

Transaction Risks

The Acquisition and the Arrangement May Not Be Completed

Each of the Parties thereto has the right to terminate the Amalgamation Agreement in certain circumstances. Accordingly, there is no certainty, nor can the parties provide any assurance, that the Amalgamation Agreement will not be terminated before the completion of the Acquisition. If the Acquisition is terminated before completion the Company will likely not proceed with the Arrangement.

In addition, the completion of the Acquisition is subject to a number of conditions precedent, certain of which are outside the control of the Parties, including approval of the Acquisition Resolution, the Consolidation Resolution, the Name Change Resolution and the Board Change Resolution by the Telferscot Shareholders and approval of the Acquisition by the Canntab Shareholders as well as approval of the Exchange. There is no certainty, nor can the Parties provide any assurance, that these conditions will be satisfied. Moreover, the completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of the Parties, including approval of the Arrangement Resolution and the Capital Reduction Resolution by the Telferscot Shareholders. There is no certainty, nor can the parties provide any assurance that these conditions will be satisfied.

If, for any reason, the Acquisition and the Arrangement are not completed, the market price of the Telferscot Shares may be adversely affected. If the Acquisition and the Arrangement are not completed and Telferscot cannot obtain financing for working capital requirements, the financial condition of Telferscot may be materially adversely affected.

Risks with respect to the Resulting Issuer

For a detailed list of risk factors for the Resulting Issuer, please see Schedule “H”- “Information Concerning the Resulting Issuer – Risk Factors”.

Risks with respect to the SpinCos

No Ongoing Operations and No Production History

The Company, the Resulting Issuer, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 are or will be companies that have no producing operations or revenue.

Capital Requirements

Each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 will require additional capital. There can be no assurance that each of the SpinCo Financings will be completed or that additional capital will be available on a reasonable terms when required.

General and Industry Risks

A.

In the normal course of business, SpinCo1 will be subject to the risks and uncertainties common to early-stage business ventures in Canada. These risks include: management and business plan execution risk; venture capital liquidity – or lack thereof; legal and regulatory changes within Canada and internationally; lack of, or withdrawal of, credit and/or banking facilities due to the nature of the business and changing regulatory environment; rejection of an future application to list on a prescribed stock exchange; and/or potential inability or restrictions on the raising of new capital. Specifically, SpinCo1 may also be impacted by the fast-changing international responses to blockchain mining and crypto currency trading which may create additional credit liquidity and operational risks to manage for the future.

B.

In the normal course of business, SpinCo2 will be subject to the risks and uncertainties common to early-stage business ventures in Canada. These risks include: management and business plan execution risk; venture capital liquidity – or lack thereof; legal and regulatory changes within Canada and internationally; lack of, or withdrawal of, credit and/or banking facilities due to the nature of the business and changing regulatory environment; rejection of an future application to list on a prescribed stock exchange; and/or potential inability or restrictions on the raising of new capital. Specifically,, SpinCo2 which will be operating in a highly competitive and changing business sector which is subject to extreme investor, public and political psychology. C.

In the normal course of business, SpinCo3 will be subject to the risks and uncertainties common to early-stage business ventures in Canada. These risks include: management and business plan execution risk; venture capital liquidity – or lack thereof; legal and regulatory changes within Canada and internationally; lack of, or withdrawal of, credit and/or banking facilities due to the nature of the business and changing regulatory environment; rejection of an future application to list on a prescribed stock exchange; and/or potential inability or restrictions on the raising of new capital. Specifically, SpinCo3 may also be impacted by the fast-changing international responses to blockchain mining and crypto currency trading which may create additional credit liquidity and operational risks to manage for the future.

D.

In the normal course of business, SpinCo4 will be subject to the risks and uncertainties common to early-stage business ventures in Canada. These risks include: management and business plan execution risk; venture capital liquidity – or lack thereof; legal and regulatory changes within Canada and internationally; lack of, or withdrawal of, credit and/or banking facilities due to the nature of the business and changing regulatory environment; rejection of an future application to list on a prescribed stock exchange; and/or potential inability or restrictions on the raising of new capital. Specifically, SpinCo4 will also be impacted by the developing political and regulatory framework for the sales of wine, spirits and cannabis in Canada and within and between individual provinces of Canada.

E.

In the normal course of business, SpinCo5 will be subject to the risks and uncertainties common to early-stage business ventures in Canada. These risks include: management and business plan execution risk; venture capital liquidity – or lack thereof; legal and regulatory changes within Canada and internationally; lack of, or withdrawal of, credit and/or banking facilities due to the nature of the business and changing regulatory environment; rejection of an future application to list on a prescribed stock exchange; and/or geological, geophysical and geochemical modeling and exploration work. Specifically, SpinCo5 will also be impacted by the global commodity markets which creates additional credit liquidity risks to manage for the future.

F.

In the normal course of business, SpinCo6 will be subject to the risks and uncertainties common to early-stage business ventures in Canada. These risks include: management and business plan execution risk; venture capital liquidity – or lack thereof; legal and regulatory changes within Canada and internationally; lack of, or withdrawal of, credit and/or banking facilities due to the nature of the business and changing regulatory environment; rejection of an future application to list on a prescribed stock exchange; and/or potential inability or restrictions on the raising of new capital.

G.

In the normal course of business, SpinCo7 will be subject to the risks and uncertainties common to early-stage business ventures in Canada. These risks include: management and business plan execution risk; venture capital liquidity – or lack thereof; legal and regulatory changes within Canada and internationally; lack of, or withdrawal of, credit and/or banking facilities due to the nature of the business and changing regulatory environment; rejection of

an future application to list on a prescribed stock exchange; and/or potential inability or restrictions on the raising of new capital.

Environmental Risks and other Regulatory Requirements

The current or future operations of the Company, the Resulting Issuer, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7, will require permits and licenses from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety, health care and other matters. There can be no assurance that all permits and licenses which the Company, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 may require for their businesses will be obtainable on reasonable terms or that such laws and regulations would not have an material adverse effect on their businesses.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the operations and activities of mineral companies, health care products marketing companies and plastic manufacturing companies or more stringent enforcement thereof, could have a material adverse impact on Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7, and cause increases in capital expenditure or exploration and development costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties or increases in production or marketing costs in selling health care consumer products or plastic products.

Conflicts of Interest

Directors of Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development, consumer products marketing and plastic products marketing. As a result, there may be situations that involve a conflict of interest for such directors. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the Canada Business Corporations Act and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

No History of Earnings or Dividends

As newly formed companies, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 have no history of earnings, and there is no assurance that Letters of Intent, Joint Ventures, acquisitions or any other agreement that may be entered into by Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 or SpinCo7, or any other property, asset or business opportunity that may be acquired by Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 or SpinCo7 will generate earnings, operate profitably or provide a return on investment in the future. Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 have no plans to pay dividends for the foreseeable future.

Litigation

Other than the Auxico Litigation, Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 and/or their directors may be subject to a variety of civil or other legal proceedings, with or without merit. Management of Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 do not know of any such pending or actual material legal proceedings as of the date of this Circular.

Dependency on a Small Number of Management Personnel

Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 are dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the companies and their business operations.

No Cash Dividends Are Expected to be Paid in the Foreseeable Future

Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 have not declared any cash dividends to date. Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 intend to retain any future earnings to finance its business operations and any future growth. Therefore, Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 do not anticipate declaring any cash dividends in the foreseeable future.

INFORMATION CONCERNING THE COMPANY

For information concerning the Company, please see Schedule “F” – “Information Concerning Telferscot Resources Inc.”.

INFORMATION CONCERNING CANNTAB

For information concerning Canntab, please see Schedule “G” – “Information Concerning Canntab Therapeutics Limited”.

THE RESULTING ISSUER AFTER THE ARRANGEMENT AND ACQUISITION

For information concerning the Resulting Issuer, please see Schedule “H” – Information Concerning the Resulting Issuer.

SPINCO1 AFTER THE ARRANGEMENT

The following is a description of SpinCo1 assuming completion of the Arrangement and the SpinCo1 Financing.

NAME, ADDRESS AND INCORPORATION

SpinCo1 was incorporated as “10557404 Canada Corp.” pursuant to the Act on December 27, 2017, for the purposes of the Arrangement. SpinCo1 is currently a private company and a wholly-owned subsidiary of Telferscot. SpinCo1’s head office is located at 2702-401 Bay Street, Toronto, Ontario, and its registered and records office is located at 2702-401 Bay Street, Toronto, Ontario.

INTER-CORPORATE RELATIONSHIPS

SpinCo1 does not have any subsidiaries.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

SpinCo1 has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under “The Arrangement”. The Arrangement, if successfully completed, will result in SpinCo1 holding the Letter of Intent with Bright Mega. SpinCo1 will also complete the SpinCo1 Financing. The future operating results and financial position of SpinCo1 cannot be predicted. Shareholders may review the Telferscot and SpinCo1 *pro-forma* financial statements which are attached as Schedule “S” and Schedule “L” hereto respectively.

TRENDS

SpinCo1 is a start-up stage company and will be pursuing the Letter of Intent with Bright Mega. Bright Mega is a development partner of the SIA Network and are in the process of beta testing the world's first exchange platform for SIA coin to fiat currency. SIA Coin is the trading currency of the SIA ecosystem. The SIA Exchange will trade other popular crypto currencies as well, but as the first and only SIA-Fiat exchange, SIA will have a market awareness and penetration that many upstart crypto exchanges do not have.

GENERAL DEVELOPMENT OF SPINCO1'S BUSINESS

SpinCo1 was incorporated on December 27, 2017 and has not yet commenced commercial operations. SpinCo1 will acquire the Letter of Intent with Bright Mega as part of the Arrangement, and will continue to work to develop the SIA Exchange as technology company.

The Board has determined that it would be in the best interests of the Company to change its business to focus on the Canntab Business, and transfer its interest in the Letter of Intent with Bright Mega to a newly-formed subsidiary company, being SpinCo1, pursuant to the Plan of Arrangement, in exchange for SpinCo1 Shares that would be distributed to the Telferscot Shareholders.

Pursuant to the Arrangement, Telferscot will transfer to SpinCo1 all of Telferscot's interest in the Letter of Intent with Bright Mega in exchange for 12,500,000 SpinCo1 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo1 will also undertake the SpinCo1 Financing. The \$120,000 coming from the SpinCo1 Financing should provide SpinCo1 with the capital necessary to fulfill SpinCo1's immediate short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Telferscot Shareholders and the Court.

SELECTED UNAUDITED *PRO-FORMA* FINANCIAL INFORMATION OF SPINCO1

SpinCo1 was incorporated on December 27, 2017 and has not yet conducted any commercial operations. The following is a summary of certain financial information on a *pro-forma* basis for SpinCo1 as at December 31, 2017, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited *pro-forma* balance sheet SpinCo1 appended to this Circular as Schedule "L". This *pro-forma* balance sheet was prepared as if the Arrangement had occurred on December 31, 2017, taking into account the assumptions stated therein. The *pro-forma* balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on December 31, 2017. In addition, the *pro-forma* balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<i>Pro-forma</i> Financial Information of SpinCo1 as at December 31, 2017
	(unaudited)
Cash.....	\$120,000
Letter of Intent with Bright Mega.....	\$1
Current liabilities.....	9,500
Shareholders' Equity.....	\$110,501
Number of issued SpinCo1 Common Shares.....	14,500,000 ⁽¹⁾

DIVIDENDS

SpinCo1 does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the SpinCo1 Shares in the future will be made by the board of directors of SpinCo1 on the basis of the earnings, financial requirements and other conditions existing at such time.

BUSINESS OF SPINCO1 FOLLOWING THE ARRANGEMENT

General

SpinCo1 is not carrying on any business at the present time. On completion of the Arrangement, SpinCo1 will commence its business as a technology company.

Duties and Obligations Under the Letter of Intent with Bright Mega

Following completion of the proposed Plan of Arrangement, SpinCo1 will acquire the Letter of Intent with Bright Mega the ROFR on the equity placements Bright Mega negotiates with its advisory companies, such ROFR will be subject to fulsome and completed due diligence. The Company's current obligations under the Letter of Intent with Bright Mega, which will become the obligations of SpinCo1 are proof of funding and conditional approval of a prospective public listing on a recognized exchange both of which terms are to the sole satisfaction of Bright Mega.

DISCUSSION OF FINANCIAL POSITION

Liquidity and Capital Resources

Pursuant to the Arrangement, Telferscot will transfer to SpinCo1 all of Telferscot's interest in the Letter of Intent with Bright Mega in exchange for 12,500,000 SpinCo1 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo1 will also complete the SpinCo1 Financing which will provide gross proceeds of \$120,000 to fund SpinCo1's operations.

SpinCo1 is a start-up and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, SpinCo1's ability to conduct operations, including the development of the Letter of Intent with Bright Mega, is based on its current cash from the SpinCo1 Financing and its ability to raise funds, primarily from equity sources, and there can be no assurance that SpinCo1 will be able to do so.

See the section of this Circular entitled "Selected Unaudited *Pro-forma* Financial Information" for information concerning the financial assets of SpinCo1 resulting from the Arrangement.

Results of Operations

SpinCo1 has not carried out any commercial operations to date.

Available Funds

Pursuant to the Arrangement, Telferscot will transfer to SpinCo1 all of Telferscot's interest in the Letter of Intent with Bright Mega in exchange for 12,500,000 SpinCo1 Shares and will undertake the SpinCo1 Financing.

The estimated unaudited *pro-forma* working capital of SpinCo1 at December 31, 2017 is approximately \$110,500, which will be available to SpinCo1 upon completion of the Arrangement and the SpinCo1 Financing.

SHARE CAPITAL OF SPINCO1

The following table represents the share capitalization of SpinCo1 as at December 31, 2017, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 ⁽¹⁾	14,500,000 ⁽²⁾
Preferred Shares	Unlimited	0	100,000 ⁽²⁾

Notes:

- (1) One common share of SpinCo1 was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the Arrangement and the SpinCo1 Financing but not the conversion of the SpinCo1 Preferred Shares. The SpinCo1 Preferred Shares are convertible into 10,000,000 SpinCo1 Shares and 5,000,000 SpinCo1 Warrants.

SpinCo1 is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable without par value, of which approximately 14,500,000 SpinCo1 Shares and 100,000 SpinCo1 Preferred Shares will be issued and outstanding following completion of the Arrangement and SpinCo1 Financing.

Common Shares

Holders of SpinCo1 Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of SpinCo1 and are entitled to one vote for each SpinCo1 Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of SpinCo1, including without limitation the rights of the holders of preferred shares, any dividend declared by SpinCo1; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of SpinCo1 shares, including without limitation the holders of preferred shares, the remaining property and assets of SpinCo1 upon dissolution. Subject to the provisions of the Act, SpinCo1 may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of SpinCo1 Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Preferred Shares

The SpinCo1 Preferred Shares are non-voting and redeemable at the option of the holder for six months. If the SpinCo1 Preferred Shares are not redeemed, they will be converted. The holder of SpinCo1 Preferred Shares may convert them at any time with each SpinCo1 Preferred Share being converted into 100 SpinCo1 Shares and 50 SpinCo1 Warrants.

FULLY DILUTED SHARE CAPITAL OF SPINCO1

The *pro-forma* fully diluted share capital of SpinCo1, assuming completion of the Arrangement and the exercise of all Telferscot Share Commitments, is set out below:

Designation of SpinCo1 Securities	Number of SpinCo1 Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1	0.00%
SpinCo1 Shares issued in exchange for Assets, which shares will be distributed to the Telferscot Shareholders ⁽²⁾	12,500,000	42.4%
SpinCo1 Shares issued on completion of the SpinCo1 Financing	2,000,000	6.8%
Total Outstanding on Effective Date	14,500,000	
SpinCo1 Shares issuable on conversion of SpinCo1 Preferred Shares	10,000,000	33.9%
SpinCo1 Shares issuable on the exercise of SpinCo1 Warrants	5,000,000	16.9%
Fully Diluted Total	29,500,000	100.0%

Notes:

- (1) One common share of SpinCo1 was issued to Telferscot on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the SpinCo1 Financing but not the conversion of the SpinCo1 Preferred Shares.

PRIOR SALES OF SECURITIES OF SPINCO1

SpinCo1 issued one common share to Telferscot at a price of \$0.02 on incorporation on December 27, 2017.

OPTIONS AND WARRANTS

Stock Options

The Telferscot Shareholders will be asked at the Meeting to approve the SpinCo1 Option Plan. See the section of this Circular entitled “Approval of the SpinCo1 Stock Option Plan”. As of the Effective Date, assuming approval of the SpinCo1 Option Plan by the Telferscot Shareholders and the completion of the SpinCo1 Financing but no conversion of the SpinCo1 Preferred Shares, there will be approximately 1,450,000 SpinCo1 Shares available for issuance under the SpinCo1 Option Plan. As of the date of this Circular, SpinCo1 has not granted any options under the SpinCo1 Option Plan.

Warrants

On the conversion of the SpinCo1 Preferred Shares, there will be 5,000,000 warrants to acquire SpinCo1 Shares exercisable at \$0.05 per share for 36 Months following the closing of the SpinCo1 Financing.

PRINCIPAL SHAREHOLDERS OF SPINCO1

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued SpinCo1 Shares as of the Effective Date other than the following.

Name of Shareholder	Number of Common Shares (%) outstanding on completion of the Arrangement but prior to completion of SpinCo1 Financing	Number of Common Shares (%) outstanding on completion of the Arrangement, the SpinCo1 Financing and the conversion of the SpinCo1 Preferred Shares
Stephen Coates (Directly and Indirectly)	2,145,677 (17.17%)	2,145,677 (8.76%)

DIRECTORS AND OFFICERS OF SPINCO1

The following table sets out the names of the current and proposed directors and officers of SpinCo1, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of SpinCo1, and the number and percentage of SpinCo1 Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Stephen Coates, Ontario, Canada	Principal of Grove Capital Group	CEO, Director	Dec 27/17	2,145,677 ⁽¹⁾ 2,145,677 ⁽²⁾
Robert Kirtlan Perth, Australia	Management Consultant	Director	N/A	170,000 ⁽¹⁾ 170,000 ⁽²⁾

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Jun He Ontario, Canada	Business Owner	Director	N/A	0 ⁽¹⁾ 0 ⁽²⁾

Notes:

(1) On the completion of the Arrangement.

(2) On the completion of the Arrangement, the Spinco1 Financing and the conversion of the Spinco1 Preferred Shares.

Management of SpinCo1

The following is a description of the individuals who will be directors and officers of SpinCo1 following the completion of the Arrangement:

Stephen Coates, CEO, Director

Mr. Coates is a founder and principal of Grove Capital Group Ltd, a merchant bank specializing in the incubation and development of businesses in Canada and internationally. Grove was established in 2003 to provide business development and strategic relationship advice to small-cap public and private companies primarily in the mining and resource industry. In 2006, he co-founded Homeland Uranium Inc., which subsequently gave rise to Homeland Energy Group Limited, which he served as President and Chief Executive Officer of from December 2004 to October 2009. Mr. Coates began his career in investment management and advisory services at RBC Dominion Securities in Canada. Following which he joined Independent Equity Research Corp. as Vice President, Business Development. Mr. Coates is a graduate of Kings College at the UWO in London, Canada and is an active volunteer, Director and Trustee in the fields of politics, education and with local community organizations.

Jun He, Director

Mr. He is an entrepreneur with over 20 years of operational and investing experience. Mr. He has successfully completed a number of multijurisdictional joint venture transactions and has effectively conducted business in China, Hong Kong, North America, Africa, and Europe. The foundation of Mr. He's businesses are manufacturing and international trade. In 2002, Mr. Jun began to invest in mineral exploration and mining in West Africa - Burkina Faso, Mali, Guinea, Ivory Coast, Niger. Mr. He controls a gold tailings mine, the Tounte Project located in Burkina Faso. Mr. He was also instrumental in assembling a 250 sq km highly prospective gold property in Burkina Faso. Recently Mr. He has spent a significant amount of time in Niger establishing operations focusing on the exploration of uranium properties. Mr. He starts to work on Central and South America in the past few years. Mr. He holds an MBA from Universite de Nice Business School in France as well as a Diplome d'Etudes Approfondies from IAE Paris. Mr. He is well connected in the GTA area, he is the member of numbers of China/Canada business associations. He has been elected the 2014 best Asia Pacific Business Award. He also spent lots of time to the local community and charity work. He speaks four languages – English, French, Mandarin and Cantonese.

Robert Kirtlan, Director

Mr. Kirtlan is a finance professional with over 20 years of experience in company management and arranging equity and debt financing in the resource sector. For the last 11 years, Mr. Kirtlan has taken active roles in the financing, management and development of exploration and development opportunities across a broad spectrum of commodities in various countries. Prior to that he spent 7 years in the investment banking sector. He is currently Chairman of RMG Limited, a company focused on copper in Chile; Chairman of Decimal Software Limited, a Company with leading edge robo advice technology; and a Director of Credo Resources Limited.

Geoff Kritzinger, CFO

Mr. Kritzinger, CPA, CA has over 30 years' experience as an accountant. From 2001 to 2008, Mr. Kritzinger was a partner with Shimmerman Penn LLP, where he managed a large audit practice, including public company clients in the junior mining sector. From 2008 to 2010, Mr. Kritzinger was Chief Financial Officer of Enquest Energy

Services Corp and prior to that, he was also a member of the Practice Inspection Committee of the Institute of Chartered Accountants of Ontario over 2007-2008. Mr. Kritzinger currently operates an accounting practice under Geoff Kritzinger Professional Corporation and is the CFO of several other publicly traded companies.

Corporate Cease Trade Orders or Bankruptcies of SpinCo1

Other than as disclosed below, no director, officer, promoter or other member of management of SpinCo1 is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

Geoff Kritzinger was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

Penalties or Sanctions of SpinCo1

No director, officer, promoter or other member of management of SpinCo1 has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies of SpinCo1

No director, officer, promoter or other member of management of SpinCo1 has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest of SpinCo1

The directors of SpinCo1 are required by law to act honestly and in good faith with a view to the best interest of SpinCo1 and to disclose any interests which they may have in any project or opportunity of SpinCo1. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not SpinCo1 will participate in any project or opportunity, that director will primarily consider the degree of risk to which SpinCo1 may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among SpinCo1 and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

EXECUTIVE COMPENSATION OF SPINCO1

The executive officers of SpinCo1 (the "**Executive Officers**") are:

Stephen Coates – Chief Executive Officer
Geoff Kritzinger – Chief Financial Officer

SpinCo1 does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of SpinCo1.

Prior to the date hereof, SpinCo1 has been a wholly-owned subsidiary of Telferscot. For details on the executive compensation of Telferscot please see the Corporation's management information circular for the annual meeting held on September 14, 2017 dated August 14, 2017 available at www.sedar.com. No determination has been made as to what if any compensation will be paid to the directors and officers of SpinCo1 on the completion of the Reorganization.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF SPINCO1

No individual who is, or at any time from the date of SpinCo1's incorporation to the date hereof was a director or executive officer of SpinCo1, or an associate or affiliate of such an individual, is or has been indebted to SpinCo1.

SPINCO1'S AUDITOR

MNP LLP is the auditor of Telferscot. MNP LLP's offices are located at 50 Burnamthorpe Rd W, Suite 900, Mississauga ON L5B3C2.

SPINCO1'S MATERIAL CONTRACTS

The following are the contracts which are material to SpinCo1:

1. the Arrangement Agreement;
2. the SpinCo1 Option Plan; and
3. the Letter of Intent with Bright Mega.

The material contracts described above may be inspected at the registered office of SpinCo1 at 2702-401 Bay Street, Toronto, Ontario, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

PROMOTERS OF SPINCO1

The Company is the promoter of SpinCo1.

SPINCO2 AFTER THE ARRANGEMENT

The following is a description of SpinCo2 assuming completion of the Arrangement and the SpinCo2 Financing.

NAME, ADDRESS AND INCORPORATION

SpinCo2 was incorporated as "10557501 Canada Corp." pursuant to the Act on December 27, 2017, for the purposes of the Arrangement. SpinCo2 is currently a private company and a wholly-owned subsidiary of Telferscot. SpinCo2's head office is located at 2702-401 Bay Street, Toronto, Ontario, and its registered and records office is located at 2702-401 Bay Street, Toronto, Ontario.

INTER-CORPORATE RELATIONSHIPS

SpinCo2 does not have any subsidiaries.

SIGNIFICANT ACQUISITION AND DISPOSITIONS

SpinCo2 has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to

this Arrangement described herein. Details of the Arrangement are provided under “Matters To Be Acted Upon At the Meeting – 1. The Arrangement”. The Arrangement, if successfully completed, will result in SpinCo2 holding the Letter of Intent with HCC. SpinCo2 will also complete the SpinCo2 Financing. The future operating results and financial position of SpinCo2 cannot be predicted. Shareholders may review the Telferscot and SpinCo2 *pro-forma* financial statements attached as Schedule “S” and Schedule “M” hereto respectively.

TRENDS

SpinCo2 is a start-up stage company pursuing the Letter of Intent HCC to acquire HCC’s Option to acquire LiveCare.

GENERAL DEVELOPMENT OF SPINCO2’S BUSINESS

SpinCo2 was incorporated on December 27, 2017 and has not yet commenced commercial operations. SpinCo2 will acquire the Letter of Intent with HCC as part of the Arrangement, and will commence operations in the cannabis industry.

The Board has determined that it would be in the best interests of the Company to change its business to focus on the Canntab Business, and transfer its interest in the Letter of Intent with HCC to a newly-formed subsidiary company, being SpinCo2, pursuant to the Plan of Arrangement, in exchange for SpinCo2 Shares that would be distributed to the Telferscot Shareholders.

Pursuant to the Arrangement, Telferscot will transfer to SpinCo2 all of Telferscot’s interest in the Letter of Intent with HCC in exchange for 2,500,000 SpinCo2 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo2 will also be undertake the SpinCo2 Financing. The \$120,000 coming from the SpinCo2 Financing should provide SpinCo2 with the capital necessary to fulfill SpinCo2’s immediate short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Telferscot Shareholders and the Court.

SELECTED UNAUDITED *PRO-FORMA* FINANCIAL INFORMATION OF SPINCO2

SpinCo2 was incorporated on December 27, 2017 and has not yet conducted any commercial operations. The following is a summary of certain financial information on a *pro-forma* basis for SpinCo2 as at December 31, 2017, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited *pro-forma* balance sheet of SpinCo2 appended to this Circular as Schedule “M”. This *pro-forma* balance sheet was prepared as if the Arrangement had occurred on December 31, 2017, taking into account the assumptions stated therein. The *pro-forma* balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on December 31, 2017. In addition, the *pro-forma* balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<i>Pro-forma</i> Financial Information of SpinCo2 as at December 31, 2017
	(unaudited)
Cash.....	\$120,000
Letter of Intent with Bright Mega.....	\$1
Current liabilities.....	9,500
Shareholders’ Equity.....	\$110,501
Number of issued SpinCo2 Common Shares.....	2,900,000

DIVIDENDS

SpinCo2 does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the SpinCo2 Shares in the future will be made by the board of directors of SpinCo2 on the basis of the earnings, financial requirements and other conditions existing at such time.

BUSINESS OF SPINCO2 FOLLOWING THE ARRANGEMENT

General

SpinCo2 is not carrying on any business at the present time. On completion of the Arrangement, SpinCo2 will commence its business in the cannabis sector.

Duties and Obligations Under the Letter of Intent with HCC

The Company has a Letter of Intent with HCC of Vancouver, BC to assume HCC's option to acquire Livecare. Livecare is a Canadian company founded and operated by doctors dedicated to giving patients access to quality, real-time healthcare, regardless of where they are located. By offering patients the option to use Telehealth, wait and travel times are decreased or eliminated completely, allowing for invaluable timely diagnosis and triage. Livecare's mission is to develop and implement self-sustaining patient centered community and international telemedicine programs. Livecare's primary focus is to assist in solving the disparate physician services shortfall in rural communities with urban physician services. Livecare's aim is to provide access to health care to all patients, increase the quality of health delivery by providing timely diagnosis and treatment, and reduce the expense to patients, communities, insurance providers and employers by avoiding needless travel costs and absent work days for primary and specialty medical services.

The Letter of Intent with HCC provides for a 60 day exclusive period for the Company to complete due diligence on Livecare and to work with HCC to agree a binding agreement for the acquisition of Livecare,

DISCUSSION OF FINANCIAL POSITION

Liquidity and Capital Resources

Pursuant to the Arrangement, Telferscot will transfer to SpinCo2 all of Telferscot's interest in the Letter of Intent with HCC in exchange for 2,500,000 SpinCo2 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo2 will also complete the SpinCo2 Financing which will provide gross proceeds of \$600,000 to fund SpinCo2's operations.

SpinCo2 is a start-up and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, SpinCo2's ability to conduct operations, including the development of the Letter of Intent with HCC, is based on its current cash from the SpinCo2 Financing and its ability to raise funds, primarily from equity sources, and there can be no assurance that SpinCo2 will be able to do so.

See the section of this Circular entitled "Selected Unaudited *Pro-forma* Financial Information" for information concerning the financial assets of SpinCo2 resulting from the Arrangement.

Results of Operations

SpinCo2 has not carried out any commercial operations to date.

Available Funds

Pursuant to the Arrangement, Telferscot will transfer to SpinCo2 all of Telferscot's interest in the Letter of Intent with HCC in exchange for 2,500,000 SpinCo2 Shares and will undertake the SpinCo2 Financing.

The estimated unaudited *pro-forma* working capital of SpinCo2 at December 31, 2017 is approximately \$590,500, which will be available to SpinCo2 upon completion of the Arrangement and SpinCo2 Financing.

SHARE CAPITAL OF SPINCO2

The following table represents the share capitalization of SpinCo2 as at December 31, 2017, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 ⁽¹⁾	4,500,000 ⁽²⁾
Preferred Shares	Unlimited	0	500,000 ⁽²⁾

Notes:

- (1) One common share of SpinCo2 was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the Arrangement and the SpinCo2 Financing but not the conversion of the SpinCo2 Preferred Shares. The SpinCo2 Preferred Shares are convertible into 4,000,000 SpinCo2 Shares and 10,000,000 SpinCo2 Warrants.

SpinCo2 is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable without par value, of which approximately 4,500,000 SpinCo2 Shares and 500,000 SpinCo2 Preferred Shares will be issued and outstanding following completion of the Arrangement and SpinCo2 Financing.

Common Shares

Holders of SpinCo2 Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of SpinCo2 and are entitled to one vote for each SpinCo2 Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of SpinCo2, including without limitation the rights of the holders of preferred shares, any dividend declared by SpinCo2; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of SpinCo2 shares, including without limitation the holders of preferred shares, the remaining property and assets of SpinCo2 upon dissolution. Subject to the provisions of the Act, SpinCo2 may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of SpinCo2 Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Preferred Shares

The SpinCo2 Preferred Shares are non-voting and redeemable at the option of the holder for six months. If the SpinCo2 Preferred Shares are not redeemed, they will be converted. The holder of SpinCo2 Preferred Shares may convert them at any time with each SpinCo2 Preferred Share being converted into 20 SpinCo2 Shares and 20 SpinCo2 Warrants.

Fully Diluted Share Capital of SpinCo2

The *pro-forma* fully diluted share capital of SpinCo2, assuming completion of the Arrangement and the exercise of all Telferscot Share Commitments, is set out below:

Designation of SpinCo2 Securities	Number of SpinCo2 Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1	0.00%
SpinCo2 Shares issued in exchange for Assets, which shares will be distributed to the Telferscot Shareholders ⁽²⁾	2,500,000	10.2%
SpinCo2 Shares issued on completion of the SpinCo2 Financing	2,000,000	8.2%
Total Outstanding on Effective Date	4,500,000	
SpinCo2 Shares issuable on conversion of SpinCo2 Preferred Shares	10,000,000	40.8%
SpinCo2 Shares issuable on the exercise of SpinCo2 Warrants	10,000,000	40.8%
Fully Diluted Total	24,500,000	100%

Notes:

- (1) One common share of SpinCo2 was issued to Telferscot on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the SpinCo2 Financing but not the conversion of the SpinCo2 Preferred Shares.

PRIOR SALES OF SECURITIES OF SPINCO2

SpinCo2 issued one common share to Telferscot at a price of \$0.02 on incorporation on December 27, 2017.

OPTIONS AND WARRANTS

Stock Options

The Telferscot Shareholders will be asked at the Meeting to approve the SpinCo2 Option Plan. See the section of this Circular entitled "Approval of the SpinCo2 Stock Option Plan". As of the Effective Date, assuming approval of the SpinCo2 Option Plan by the Telferscot Shareholders and completion of the SpinCo2 Financing but not the conversion of the SpinCo2 Preferred Shares, there will be approximately 450,000 SpinCo2 Shares available for issuance under the SpinCo2 Option Plan. As of the date of this Circular, SpinCo2 has not granted any options under the SpinCo2 Option Plan.

Warrants

On the conversion of the SpinCo2 Preferred Shares, there will be 10,000,000 warrants to acquire SpinCo2 Shares exercisable at \$0.05 per share for 12 months following the closing of the SpinCo2 Financing.

PRINCIPAL SHAREHOLDERS OF SPINCO2

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued SpinCo2 Shares as of the Effective Date other than the following.

Name of Shareholder	Number of Common Shares (%) outstanding on completion of the Arrangement but prior to completion of SpinCo2 Financing	Number of Common Shares (%) outstanding on completion of the Arrangement, the SpinCo2 Financing and the conversion of the SpinCo2 Preferred Shares
Stephen Coates (Directly and Indirectly)	429,135 (17.17%)	1,869,135 (12.89%)
Aman Parmar	0 (0.00%)	5,040,000 (34.76%)
Kyle Boyko	0 (0.00%)	5,040,000 (34.76%)

DIRECTORS AND OFFICERS OF SPINCO2

The following table sets out the names of the current and proposed directors and officers of SpinCo2, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of SpinCo2, and the number and percentage of SpinCo2 Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Stephen Coates Ontario, Canada	Principal of Grove Capital Group	CEO, Director	Dec 27/17	429,135 ⁽¹⁾ 1,869,135 ⁽²⁾
Aman Parmar British Columbia, Canada	Real Estate Developer	Director	N/A	0 ⁽¹⁾ 5,040,000 ⁽²⁾
Catherine Beckett Ontario, Canada	Corporate Secretary	Director	N/A	0 ⁽¹⁾ 0 ⁽²⁾

Notes:

(1) On the completion of the Arrangement.

(2) On the completion of the Arrangement, the Spinco1 Financing and the conversion of the Spinco1 Preferred Shares.

Management of SpinCo2

The following is a description of the individuals who will be directors and officers of SpinCo2 following the completion of the Arrangement:

Stephen Coates, CEO, Director

For information concerning Stephen Coates, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Catherine Beckett, Director

Catherine Beckett has worked for over 30 years in the mineral exploration industry. For the past 17 years she has performed the role of Corporate Secretary having worked for publicly listed companies on the TSX, CSE and ASX. Ms. Beckett has a degree in geology from the University of Toronto (1984).

Aman Parmar, Director

Mr. Parmar, is a Chartered Accountant and the Chair of the Audit Committee. He is a Partner of Horizon Capital Corp., a venture capital and corporate advisory firm as well as General Manager, Haraman Developments Inc. a real estate development company. Mr. Parmar is a former director of Vanc Pharmaceuticals Inc. from December 2014 to December 2015.

Geoff Kritzinger, CFO

For information concerning Geoff Kritzinger, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Corporate Cease Trade Orders or Bankruptcies of SpinCo2

Other than as disclosed below, no director, officer, promoter or other member of management of SpinCo2 is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or

other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

Geoff Kritzinger was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

Penalties or Sanctions of SpinCo2

No director, officer, promoter or other member of management of SpinCo2 has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies of SpinCo2

No director, officer, promoter or other member of management of SpinCo2 has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest of SpinCo2

The directors of SpinCo2 are required by law to act honestly and in good faith with a view to the best interest of SpinCo2 and to disclose any interests which they may have in any project or opportunity of SpinCo2. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not SpinCo2 will participate in any project or opportunity, that director will primarily consider the degree of risk to which SpinCo2 may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among SpinCo2 and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

EXECUTIVE COMPENSATION OF SPINCO2

The executive officers of SpinCo2 (the "**Executive Officers**") are:

Stephen Coates – Chief Executive Officer
Geoff Kritzinger – Chief Financial Officer

SpinCo2 does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of SpinCo2.

Prior to the date hereof, SpinCo2 has been a wholly-owned subsidiary of Telferscot. For details on the executive compensation of Telferscot please see the Corporation's management information circular for the annual meeting held on September 14, 2017 dated August 14, 2017 available at www.sedar.com. No determination has been made as to what if any compensation will be paid to the directors and officers of SpinCo2 on the completion of the Reorganization.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF SPINCO2

No individual who is, or at any time from the date of SpinCo2's incorporation to the date hereof was a director or executive officer of SpinCo2, or an associate or affiliate of such an individual, is or has been indebted to SpinCo2.

SPINCO2'S AUDITOR

MNP LLP is the auditor of Telferscot. MNP LLP's offices are located at 50 Burnamthorpe Rd W, Suite 900, Mississauga ON L5B3C2.

SPINCO2'S MATERIAL CONTRACTS

The following are the contracts which are material to SpinCo2:

1. the Arrangement Agreement;
2. the SpinCo2 Option Plan; and
3. the Letter of Intent with HCC.

The material contracts described above may be inspected at the registered office of SpinCo2 at 2702-401 Bay Street, Toronto, Ontario, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

PROMOTERS OF SPINCO2

The Company is the promoter of SpinCo2.

SPINCO3 AFTER THE ARRANGEMENT

The following is a description of SpinCo3 assuming completion of the Arrangement and the SpinCo3 Financing.

NAME, ADDRESS AND INCORPORATION

SpinCo3 was incorporated as "10557510 Canada Corp." pursuant to the Act on December 27, 2017, for the purposes of the Arrangement. SpinCo3 is currently a private company and a wholly-owned subsidiary of Telferscot. SpinCo3's head office is located at 2702-401 Bay Street, Toronto, Ontario, and its registered and records office is located at 2702-401 Bay Street, Toronto, Ontario.

INTER-CORPORATE RELATIONSHIPS

SpinCo3 does not have any subsidiaries.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

SpinCo3 has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under "Matters to Be Acted Upon At The Meeting – 1. The Arrangement". The Arrangement, if successfully completed, will result in SpinCo3 holding the Letter of Intent with CCEC. SpinCo3 will also complete the SpinCo3 Financing. The future operating results and financial position of SpinCo3 cannot be predicted. Shareholders may review the Telferscot and SpinCo3 *pro-forma* financial statements attached as Schedule "S" and Schedule "N" hereto respectively.

TRENDS

SpinCo3 is a start-up stage company looking to negotiate terms of the acquisition and launch the CCX platform in Canada and secure the necessary funding for development and marketing of the CCEC business plan.

GENERAL DEVELOPMENT OF SPINCO3'S BUSINESS

SpinCo3 was incorporated on December 27, 2017 and has not yet commenced commercial operations. SpinCo3 will acquire the Letter of Intent with CCEC as part of the Arrangement, and will commence operations as technology company.

The Board has determined that it would be in the best interests of the Company to change its business to focus on the Canntab Business, and transfer its interest in the Letter of Intent with CCEC to a newly-formed subsidiary company, being SpinCo3, pursuant to the Plan of Arrangement, in exchange for SpinCo3 Shares that would be distributed to the Telferscot Shareholders.

Pursuant to the Arrangement, Telferscot will transfer to SpinCo3 all of Telferscot's interest in the Letter of Intent with CCEC in exchange for 2,500,000 SpinCo3 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo3 will also undertake the SpinCo3 Financing. The \$180,000 coming from the SpinCo3 Financing should provide SpinCo3 with the capital necessary to fulfill SpinCo3's immediate short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Telferscot Shareholders and the Court.

SELECTED UNAUDITED *PRO-FORMA* FINANCIAL INFORMATION OF SPINCO3

SpinCo3 was incorporated on December 27, 2017 and has not yet conducted any commercial operations. The following is a summary of certain financial information on a *pro-forma* basis for SpinCo3 as at December 31, 2017, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited *pro-forma* balance sheet of SpinCo3 appended to this Circular as Schedule "N". This *pro-forma* balance sheet was prepared as if the Arrangement had occurred on December 31, 2017, taking into account the assumptions stated therein. The *pro-forma* balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on December 31, 2017. In addition, the *pro-forma* balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<i>Pro-forma</i> Financial Information of SpinCo3 as at December 31, 2017
	(unaudited)
Cash.....	\$180,000
Letter of Intent with CCEC.....	\$1
Current liabilities.....	9,500
Shareholders' Equity.....	\$170,501
Number of issued SpinCo3 Common Shares.....	3,100,000

DIVIDENDS

SpinCo3 does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the SpinCo3 Shares in the future will be made by the board of directors of SpinCo3 on the basis of the earnings, financial requirements and other conditions existing at such time.

BUSINESS OF SPINCO3 FOLLOWING THE ARRANGEMENT

General

SpinCo3 is not carrying on any business at the present time. On completion of the Arrangement, SpinCo3 will commence its business as technology company pursuing the Letter of Intent with CCEC.

Duties and Obligations Under the Letter of Intent with CCEC

The Letter of Intent with CCEC provides for a 180-day exclusive period of cooperation between the Company and CCEC to negotiate terms of the acquisition, launch the CCX platform in Canada and secure the necessary funding for development and marketing of the CCEC business plan.

The Company has further agreed general terms of acquisition of CCEC in a Letter of Agreement dated February 8, 2018. This Agreement will provide the basis of negotiation on a formal Acquisition Agreement and provides a deadline for completion of a definitive agreement by April 15, 2018. There are numerous conditions precedent to completion to the benefit of either CCEC or the Company. The Letter of Agreement and subsequent definitive agreement will be subject to completion of the proposed Plan of Arrangement.

DISCUSSION OF FINANCIAL POSITION

Liquidity and Capital Resources

Pursuant to the Arrangement, Telferscot will transfer to SpinCo3 all of Telferscot's interest in the Letter of Intent with CCEC in exchange for 2,500,000 SpinCo3 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo3 will also complete the SpinCo3 Financing which will provide gross proceeds of \$180,000 to fund SpinCo3's operations.

SpinCo3 is a start-up and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, SpinCo3's ability to conduct operations, including the development of the Letter of Intent with CCEC is based on its current cash from the SpinCo3 Financing and its ability to raise funds, primarily from equity sources, and there can be no assurance that SpinCo3 will be able to do so.

See the section of this Circular entitled "Selected Unaudited *Pro-forma* Financial Information" for information concerning the financial assets of SpinCo3 resulting from the Arrangement.

Results of Operations

SpinCo3 has not carried out any commercial operations to date.

Available Funds

Pursuant to the Arrangement, Telferscot will transfer to SpinCo3 all of Telferscot's interest in the Letter of Intent with CCEC, in exchange for 2,500,000 SpinCo3 Shares and will undertake the SpinCo3 Financing.

The estimated unaudited *pro-forma* working capital of SpinCo3 at December 31, 2017 is approximately \$170,500, which will be available to SpinCo3 upon completion of the Arrangement and SpinCo3 Financing.

SHARE CAPITAL OF SPINCO3

The following table represents the share capitalization of SpinCo3 as at December 31, 2017, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 ⁽¹⁾	3,100,000 ⁽²⁾
Preferred Shares	Unlimited	0	150,000 ⁽²⁾

Notes:

- (1) One common share of SpinCo3 was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the Arrangement and the SpinCo3 Financing but not the conversion of the SpinCo3 Preferred Shares. The SpinCo3 Preferred Shares are convertible into 3,000,000 SpinCo3 Shares and 3,000,000 SpinCo3 Warrants.

SpinCo3 is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable without par value, of which approximately 3,100,000 SpinCo3 Shares and 150,000 SpinCo3 Preferred Shares will be issued and outstanding following completion of the Arrangement and SpinCo3 Financing.

Common Shares

Holders of SpinCo3 Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of SpinCo3 and are entitled to one vote for each SpinCo3 Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of SpinCo3, including without limitation the rights of the holders of preferred shares, any dividend declared by SpinCo3; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of SpinCo3 shares, including without limitation the holders of preferred shares, the remaining property and assets of SpinCo3 upon dissolution. Subject to the provisions of the Act, SpinCo3 may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of SpinCo3 Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Preferred Shares

The SpinCo3 Preferred Shares are non-voting and redeemable at the option of the holder for three months. If the SpinCo3 Preferred Shares are not redeemed, they will be converted. The holder of SpinCo3 Preferred Shares may convert them at any time with each SpinCo3 Preferred Share being converted into 20 SpinCo3 Shares and 20 SpinCo3 Warrants.

FULLY DILUTED SHARE CAPITAL OF SPINCO3

The *pro-forma* fully diluted share capital of SpinCo3, assuming completion of the Arrangement and the exercise of all Telferscot Share Commitments, is set out below:

Designation of SpinCo3 Securities	Number of SpinCo3 Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1	0.00%
SpinCo3 Shares issued in exchange for Assets, which shares will be distributed to the Telferscot Shareholders ⁽²⁾	2,500,000	27.4%
SpinCo3 Shares issued on completion of the SpinCo3 Financing	600,000	6.6%
Total Outstanding on Effective Date	3,100,000	
SpinCo3 Shares issuable on conversion of SpinCo3 Preferred Shares	3,000,000	33.0%

Designation of SpinCo3 Securities	Number of SpinCo3 Shares	Percentage of Total
SpinCo3 Shares issuable on the exercise of SpinCo3 Warrants	3,000,000	33.0%
Fully Diluted Total	9,100,000	100%

Notes:

- (1) One common share of SpinCo3 was issued to Telferscot on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the SpinCo3 Financing but not the conversion of the SpinCo1 Preferred Shares.

PRIOR SALES OF SECURITIES OF SPINCO3

SpinCo3 issued one common share to Telferscot at a price of \$0.02 on incorporation on December 27, 2017.

OPTIONS AND WARRANTS

Stock Options

The Telferscot Shareholders will be asked at the Meeting to approve the SpinCo3 Option Plan. See the section of this Circular entitled "Approval of the SpinCo3 Stock Option Plan". As of the Effective Date, assuming approval of the SpinCo3 Option Plan by the Telferscot Shareholders and completion of the SpinCo3 Financing but not the conversion of the SpinCo3 Preferred Shares, there will be approximately 310,000 SpinCo3 Shares available for issuance under the SpinCo3 Option Plan. As of the date of this Circular, SpinCo3 has not granted any options under the SpinCo3 Option Plan.

Warrants

On the conversion of the SpinCo3 Preferred Shares, there will be 3,000,000 warrants to acquire SpinCo3 Shares exercisable at \$0.05 per share for 12 months following the closing of the SpinCo3 Financing.

PRINCIPAL SHAREHOLDERS OF SPINCO3

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued SpinCo3 Shares as of the Effective Date other than the following.

Name of Shareholder	Number of Common Shares (%) outstanding on completion of the Arrangement but prior to completion of SpinCo3 Financing	Number of Common Shares (%) outstanding on completion of the Arrangement, the SpinCo3 Financing and the conversion of the SpinCo3 Preferred Shares
Stephen Coates (Directly and Indirectly)	429,135 (17.17%)	1,149,135 (18.84%)
Jun He	0 (0.00%)	2,400,000 (39.34%)

DIRECTORS AND OFFICERS OF SPINCO3

The following table sets out the names of the current and proposed directors and officers of SpinCo3, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of SpinCo3, and the number and percentage of SpinCo3 Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Stephen Coates Ontario, Canada	Principal of Grove Capital Group	CEO, Director	Dec 27/17	429,135 ⁽¹⁾ 1,149,135 ⁽²⁾
Jun He Ontario, Canada	Business Owner	Director	N/A	0 ⁽¹⁾ 2,400,000 ⁽²⁾
Catherine Beckett Ontario, Canada	Corporate Secretary	Director	N/A	0 ⁽¹⁾ 0 ⁽²⁾

Notes:

(1) On the completion of the Arrangement.

(2) On the completion of the Arrangement, the Spinco1 Financing and the conversion of the Spinco1 Preferred Shares.

Management of SpinCo3

The following is a description of the individuals who will be directors and officers of SpinCo3 following the completion of the Arrangement:

Stephen Coates, CEO, Director

For information concerning Stephen Coates, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Catherine Beckett, Director

For information concerning Catherine Beckett, please see heading entitled “SpinCo2 After The Arrangement – Directors and Officers Of SpinCo2 – Management of SpinCo2”.

Jun He, Director

For information concerning Jun He, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Geoff Kritzingler, CFO

For information concerning Geoff Kritzingler, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Corporate Cease Trade Orders or Bankruptcies of SpinCo3

Other than as disclosed below, no director, officer, promoter or other member of management of SpinCo3 is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

Geoff Kritzingler was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

Penalties or Sanctions of SpinCo3

No director, officer, promoter or other member of management of SpinCo3 has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies of SpinCo3

No director, officer, promoter or other member of management of SpinCo3 has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest of SpinCo3

The directors of SpinCo3 are required by law to act honestly and in good faith with a view to the best interest of SpinCo3 and to disclose any interests which they may have in any project or opportunity of SpinCo3. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not SpinCo3 will participate in any project or opportunity, that director will primarily consider the degree of risk to which SpinCo3 may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among SpinCo3 and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

EXECUTIVE COMPENSATION OF SPINCO3

The executive officers of SpinCo3 (the "**Executive Officers**") are:

Stephen Coates – Chief Executive Officer
Geoff Kritzinger – Chief Financial Officer

SpinCo3 does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of SpinCo3.

Prior to the date hereof, SpinCo3 has been a wholly-owned subsidiary of Telferscot. For details on the executive compensation of Telferscot please see the Corporation's management information circular for the annual meeting held on September 14, 2017 dated August 14, 2017 available at www.sedar.com. No determination has been made as to what if any compensation will be paid to the directors and officers of SpinCo3 on the completion of the Reorganization.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF SPINCO3

No individual who is, or at any time from the date of SpinCo3's incorporation to the date hereof was a director or executive officer of SpinCo3, or an associate or affiliate of such an individual, is or has been indebted to SpinCo3.

SPINCO3'S AUDITOR

MNP LLP is the auditor of Telferscot. MNP LLP's offices are located at 50 Burnamthorpe Rd W, Suite 900, Mississauga ON L5B3C2.

SPINCO3'S MATERIAL CONTRACTS

The following are the contracts which are material to SpinCo3:

1. the Arrangement Agreement;
2. the SpinCo3 Option Plan; and
3. the Letter of Intent with CCEC.

The material contracts described above may be inspected at the registered office of SpinCo3 at 2702-401 Bay Street, Toronto, Ontario, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

PROMOTERS OF SPINCO3

The Company is the promoter of SpinCo3.

SPINCO4 AFTER THE ARRANGEMENT

The following is a description of SpinCo4 assuming completion of the Arrangement and the SpinCo4 Financing.

NAME, ADDRESS AND INCORPORATION

SpinCo4 was incorporated as "10557536 Canada Corp." pursuant to the Act on December 27, 2017, for the purposes of the Arrangement. SpinCo4 is currently a private company and a wholly-owned subsidiary of Telferscot. SpinCo4's head office is located at 2702-401 Bay Street, Toronto, Ontario, and its registered and records office is located at 2702-401 Bay Street, Toronto, Ontario.

INTER-CORPORATE RELATIONSHIPS

SpinCo4 does not have any subsidiaries.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

SpinCo4 has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under "Matters To Be Acted Upon At The Meeting – 1. The Arrangement". The Arrangement, if successfully completed, will result in SpinCo4 holding the Letter of Intent with MWC. SpinCo4 will also complete the SpinCo4 Financing. The future operating results and financial position of SpinCo4 cannot be predicted. Shareholders may review the Telferscot and SpinCo4 *pro-forma* financial statements attached as Schedule "S" and Schedule "O" hereto respectively.

TRENDS

SpinCo4 is a start-up stage company that will work with MWC to develop and deployment of a new site for the regulated sales of cannabis in Canada. MWC brings a unique asset to the high-flying world of soon-to-be-legalised marijuana sales in Canada. That is, their ability to provide an industry wide platform to sell and market a product that must be purchased and shipped directly between the seller and the buyer. MWC's unique business model has been proven in the Canadian wine and spirits industry where they are the only fully legal, third-party way for Canadians to purchase wine and spirits from Canadian producers – outside of the government run distribution systems of most Canadian provinces. MWC has been working with the Cannabis Growers Association of Canada and has been pre-qualified by the National Research Council for funding through its iRAP program to migrate their technology and platform development to the cannabis sector..

GENERAL DEVELOPMENT OF SPINCO4’S BUSINESS

SpinCo4 was incorporated on December 27, 2017 and has not yet commenced commercial operations. SpinCo4 will acquire the Letter of Intent with MWC as part of the Arrangement, and will commence operations to develop a platform for cannabis distribution in Canada.

The Board has determined that it would be in the best interests of the Company to change its business to focus on the Canntab Business, and transfer its interest in the Letter of Intent with MWC to a newly-formed subsidiary company, being SpinCo4, pursuant to the Plan of Arrangement, in exchange for SpinCo4 Shares that would be distributed to the Telferscot Shareholders.

Pursuant to the Arrangement, Telferscot will transfer to SpinCo4 all of Telferscot’s interest in the Letter of Intent with MWC in exchange for 2,500,000 SpinCo4 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo4 will also undertake the SpinCo4 Financing. The \$120,000 coming from the SpinCo4 Financing should provide SpinCo4 with the capital necessary to fulfill SpinCo4’s immediate short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Telferscot Shareholders and the Court.

SELECTED UNAUDITED *PRO-FORMA* FINANCIAL INFORMATION OF SPINCO4

SpinCo4 was incorporated on December 27, 2017 and has not yet conducted any commercial operations. The following is a summary of certain financial information on a *pro-forma* basis for SpinCo4 as at December 31, 2017, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited *pro-forma* balance sheet of SpinCo4 appended to this Circular as Schedule “O”. This *pro-forma* balance sheet was prepared as if the Arrangement had occurred on December 31, 2017, taking into account the assumptions stated therein. The *pro-forma* balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on December 31, 2017. In addition, the *pro-forma* balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<i>Pro-forma</i> Financial Information of SpinCo4 as at December 31, 2017
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (unaudited)
Cash.....	\$120,000
Letter of Intent with MWC.....	\$1
Current liabilities.....	9,500
Shareholders’ Equity.....	\$110,501
Number of issued SpinCo4 Common Shares.....	3,500,000

DIVIDENDS

SpinCo4 does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the SpinCo4 Shares in the future will be made by the board of directors of SpinCo4 on the basis of the earnings, financial requirements and other conditions existing at such time.

BUSINESS OF SPINCO4 FOLLOWING THE ARRANGEMENT

General

SpinCo4 is not carrying on any business at the present time. On completion of the Arrangement, SpinCo4 will commence its business pursuing the opportunity to develop a Canadian cannabis distribution website.

Duties and Obligations Under the Letter of Intent with MWC

MWC is looking for a joint-venture partner to fund the development and deployment of a new site for the regulated sales of cannabis in Canada.

DISCUSSION OF FINANCIAL POSITION

Liquidity and Capital Resources

Pursuant to the Arrangement, Telferscot will transfer to SpinCo4 all of Telferscot's interest in the Letter of Intent with MWC in exchange for 2,500,000 SpinCo4 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo4 will also complete the SpinCo4 Financing which will provide gross proceeds of \$120,000 to fund SpinCo4's operations.

SpinCo4 is a start-up and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, SpinCo4's ability to conduct operations, including the development of the Letter of Intent with MWC, is based on its current cash from the SpinCo4 Financing and its ability to raise funds, primarily from equity sources, and there can be no assurance that SpinCo4 will be able to do so.

See the section of this Circular entitled "Selected Unaudited *Pro-forma* Financial Information" for information concerning the financial assets of SpinCo4 resulting from the Arrangement.

Results of Operations

SpinCo4 has not carried out any commercial operations to date.

Available Funds

Pursuant to the Arrangement, Telferscot will transfer to SpinCo4 all of Telferscot's interest in the Letter of Intent with MWC in exchange for 2,500,000 SpinCo4 Shares and will undertake the SpinCo4 Financing.

The estimated unaudited *pro-forma* working capital of SpinCo4 at December 31, 2017 is approximately \$110,500, which will be available to SpinCo4 upon completion of the Arrangement and SpinCo4 Financing.

Share Capital of SpinCo4

The following table represents the share capitalization of SpinCo4 as at December 31, 2017, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 ⁽¹⁾	3,500,000 ⁽²⁾
Preferred Shares	Unlimited	0	100,000 ⁽²⁾

Notes:

- (1) One common share of SpinCo4 was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the Arrangement and the SpinCo4 Financing but not the conversion of the SpinCo4 Preferred Shares. The SpinCo4 Preferred Shares are convertible into 5,000,000 SpinCo4 Shares and 2,500,000 SpinCo4 Warrants.

SpinCo4 is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable without par value, of which approximately 3,500,000 SpinCo4 Shares and 100,000 SpinCo4 Preferred Shares will be issued and outstanding following completion of the Arrangement and SpinCo4 Financing.

Common Shares

Holders of SpinCo4 Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of SpinCo4 and are entitled to one vote for each SpinCo4 Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of SpinCo4, including without limitation the rights of the holders of preferred shares, any dividend declared by SpinCo4; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of SpinCo4 shares, including without limitation the holders of preferred shares, the remaining property and assets of SpinCo4 upon dissolution. Subject to the provisions of the Act, SpinCo4 may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of SpinCo4 Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Preferred Shares

The SpinCo4 Preferred Shares are non-voting and redeemable at the option of the holder for one month. If the SpinCo4 Preferred Shares are not redeemed, they will be converted. The holder of SpinCo4 Preferred Shares may convert them at any time with each SpinCo4 Preferred Share being converted into 50 SpinCo4 Shares and 25 SpinCo4 Warrants.

FULLY DILUTED SHARE CAPITAL OF SPINCO4

The *pro-forma* fully diluted share capital of SpinCo4, assuming completion of the Arrangement and the exercise of all Telferscot Share Commitments, is set out below:

Designation of SpinCo4 Securities	Number of SpinCo4 Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1	0.00%
SpinCo4 Shares issued in exchange for Assets, which shares will be distributed to the Telferscot Shareholders ⁽²⁾	2,500,000	22.7%
SpinCo4 Shares issued on completion of the SpinCo4 Financing	1,000,000	9.1%
Total Outstanding on Effective Date	3,500,000	
SpinCo4 Shares issuable on conversion of SpinCo4 Preferred Shares	5,000,000	45.5%
SpinCo4 Shares issuable on the exercise of SpinCo1 Warrants	2,500,000	22.7%
Fully Diluted Total	11,000,000	100.0%

Notes:

- (1) One common share of SpinCo4 was issued to Telferscot on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the SpinCo4 Financing but not the conversion of the SpinCo1 Preferred Shares.

PRIOR SALES OF SECURITIES OF SPINCO4

SpinCo4 issued one common share to Telferscot at a price of \$0.02 on incorporation on December 27, 2017.

OPTIONS AND WARRANTS OF SPINCO4

Stock Options

The Telferscot Shareholders will be asked at the Meeting to approve the SpinCo4 Option Plan. See the section of this Circular entitled “Approval of the SpinCo4 Stock Option Plan”. As of the Effective Date, assuming approval of the SpinCo4 Option Plan by the Telferscot Shareholders and completion of the SpinCo4 Financing but not conversion of the SpinCo4 Preferred Shares, there will be approximately 350,000 SpinCo4 Shares available for issuance under the SpinCo4 Option Plan. As of the date of this Circular, SpinCo4 has not granted any options under the SpinCo4 Option Plan.

Warrants

On the conversion of the SpinCo4 Preferred Shares, there will be 5,000,000 warrants to acquire SpinCo4 Shares exercisable at \$0.05 per share for 12 months following the closing of the SpinCo4 Financing.

PRINCIPAL SHAREHOLDERS OF SPINCO4

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued SpinCo4 Shares as of the Effective Date other than the following.

Name of Shareholder	Number of Common Shares (%) outstanding on completion of the Arrangement but prior to completion of SpinCo4 Financing	Number of Common Shares (%) outstanding on completion of the Arrangement, the SpinCo4 Financing and the conversion of the SpinCo4 Preferred Shares
Stephen Coates (Directly and Indirectly)	429,135 (17.17%)	429,135 (5.05%)

DIRECTORS AND OFFICERS OF SPINCO4

The following table sets out the names of the current and proposed directors and officers of SpinCo4, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of SpinCo4, and the number and percentage of SpinCo4 Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Stephen Coates Ontario, Canada	Principal of Grove Capital Group	CEO, Director	Dec 27/17	429,135 ⁽¹⁾ 429,135 (2)
Robert Kirtlan Perth, Australia	Management Consultant	Director	N/A	170,000 (1) 170,000 (2)
Catherine Beckett Ontario, Canada	Corporate Secretary	Director	N/A	0 (1) 0 (2)

Notes:

- (1) On the completion of the Arrangement.
- (2) On the completion of the Arrangement, the Spinco1 Financing and the conversion of the Spinco1 Preferred Shares.

Management of SpinCo4

The following is a description of the individuals who will be directors and officers of SpinCo4 following the completion of the Arrangement:

Stephen Coates, CEO, Director

For information concerning Stephen Coates, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Catherine Beckett, Director

For information concerning Catherine Beckett, please see heading entitled “SpinCo2 After The Arrangement – Directors and Officers Of SpinCo2 – Management of SpinCo2”.

Robert Kirtlan, Director

For information concerning Robert Kirtlan, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Geoff Kritzinger, CFO

For information concerning Geoff Kritzinger, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Corporate Cease Trade Orders or Bankruptcies of SpinCo4

Other than as disclosed below, no director, officer, promoter or other member of management of SpinCo4 is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

Geoff Kritzinger was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

Penalties or Sanctions of SpinCo4

No director, officer, promoter or other member of management of SpinCo4 has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies of SpinCo4

No director, officer, promoter or other member of management of SpinCo4 has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest of SpinCo4

The directors of SpinCo4 are required by law to act honestly and in good faith with a view to the best interest of SpinCo4 and to disclose any interests which they may have in any project or opportunity of SpinCo4. If a conflict of

interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not SpinCo4 will participate in any project or opportunity, that director will primarily consider the degree of risk to which SpinCo4 may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among SpinCo4 and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

EXECUTIVE COMPENSATION OF SPINCO4

The executive officers of SpinCo4 (the "**Executive Officers**") are:

Stephen Coates – Chief Executive Officer
Geoff Kritzingner – Chief Financial Officer

SpinCo4 does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of SpinCo4.

Prior to the date hereof, SpinCo4 has been a wholly-owned subsidiary of Telferscot. For details on the executive compensation of Telferscot please see the Corporation's management information circular for the annual meeting held on September 14, 2017 dated August 14, 2017 available at www.sedar.com. No determination has been made as to what if any compensation will be paid to the directors and officers of SpinCo4 on the completion of the Reorganization.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF SPINCO4

No individual who is, or at any time from the date of SpinCo4's incorporation to the date hereof was a director or executive officer of SpinCo4, or an associate or affiliate of such an individual, is or has been indebted to SpinCo4.

SPINCO4'S AUDITOR

MNP LLP is the auditor of Telferscot. MNP LLP's offices are located at 50 Burnamthorpe Rd W, Suite 900, Mississauga ON L5B3C2.

SPINCO4'S MATERIAL CONTRACTS

The following are the contracts which are material to SpinCo4:

1. the Arrangement Agreement;
2. the SpinCo4 Option Plan; and
3. the Letter of Intent with MWC.

The material contracts described above may be inspected at the registered office of SpinCo4 at 2702-401 Bay Street, Toronto, Ontario, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

PROMOTERS OF SPINCO4

The Company is the promoter of SpinCo4.

RELATED PARTY MATTERS

Stephen Coates, the CEO, director and 10% shareholder of the Company and SpinCo4 is also a director and shareholder of MWC. Any transaction with MWC will be done in compliance with MI 61-101 which may include requiring shareholder approval from the minority shareholders of SpinCo4 if no exemptions from MI 61-101 are available.

SPINCO5 AFTER THE ARRANGEMENT

The following is a description of SpinCo5 assuming completion of the Arrangement and the SpinCo5 Financing.

NAME, ADDRESS AND INCORPORATION OF SPINCO5

SpinCo5 was incorporated as “10557544 Canada Corp.” pursuant to the Act on December 27, 2017, for the purposes of the Arrangement. SpinCo5 is currently a private company and a wholly-owned subsidiary of Telferscot. SpinCo5’s head office is located at 2702-401 Bay Street, Toronto, Ontario, and its registered and records office is located at 2702-401 Bay Street, Toronto, Ontario.

INTER-CORPORATE RELATIONSHIPS OF SPINCO5

SpinCo5 does not have any subsidiaries.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS OF SPINCO5

SpinCo5 has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under “Matters To Be Acted Upon At The Meeting – 1. The Arrangement”. The Arrangement, if successfully completed, will result in SpinCo5 holding the Letter of Intent with NCRI. SpinCo5 will also complete the SpinCo5 Financing. The future operating results and financial position of SpinCo5 cannot be predicted. Shareholders may review the Telferscot and SpinCo5 *pro-forma* financial statements attached as Schedule “S” and Schedule “P” hereto respectively.

TRENDS OF SPINCO5

SpinCo5 is a start-up stage company working NCRI to source, delineate and evaluate gold exploration projects in Central America. The parties have entered into discussion with several possible acquisitions as a result of this Letter of Intent, but as yet has not come to acceptable terms. .

GENERAL DEVELOPMENT OF SPINCO5’S BUSINESS

SpinCo5 was incorporated on December 27, 2017 and has not yet commenced commercial operations. SpinCo5 will acquire the Letter of Intent with NCRI as part of the Arrangement, and will commence operations as mineral exploration company.

The Board has determined that it would be in the best interests of the Company to change its business to focus on the Canntab Business, and transfer its interest in the Letter of Intent with NCRI to a newly-formed subsidiary company, being SpinCo5, pursuant to the Plan of Arrangement, in exchange for SpinCo5 Shares that would be distributed to the Telferscot Shareholders.

Pursuant to the Arrangement, Telferscot will transfer to SpinCo5 all of Telferscot’s interest in the Letter of Intent with NCRI in exchange for 12,500,000 SpinCo5 Shares multiplied by the Conversion Factor, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo5 will also undertake the SpinCo5 Financing. The \$120,000 coming from the SpinCo5 Financing should provide SpinCo5 with the capital necessary to fulfill SpinCo5’s immediate short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Telferscot Shareholders and the Court.

SELECTED UNAUDITED *PRO-FORMA* FINANCIAL INFORMATION OF SPINCO5

SpinCo5 was incorporated on December 27, 2017 and has not yet conducted any commercial operations. The following is a summary of certain financial information on a *pro-forma* basis for SpinCo5 as at December 31, 2017, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited *pro-forma* balance sheet of SpinCo5 appended to this Circular as Schedule “P”. This *pro-forma* balance sheet was prepared as if the Arrangement had occurred on December 31, 2017, taking into account the assumptions stated therein. The *pro-forma* balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on December 31, 2017. In addition, the *pro-forma* balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<i>Pro-forma</i> Financial Information of SpinCo5 as at December 31, 2017
	(unaudited)
Cash.....	\$120,000
Letter of Intent with NCRI.....	\$1
Current liabilities.....	9,500
Shareholders’ Equity.....	\$110,501
Number of issued SpinCo5 Common Shares.....	14,500,000

DIVIDENDS OF SPINCO5

SpinCo5 does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the SpinCo5 Shares in the future will be made by the board of directors of SpinCo5 on the basis of the earnings, financial requirements and other conditions existing at such time.

BUSINESS OF SPINCO5 FOLLOWING THE ARRANGEMENT

General Business of SpinCo5

SpinCo5 is not carrying on any business at the present time. On completion of the Arrangement, SpinCo5 will commence its business as a mineral exploration company.

Duties and Obligations Under the Letter of Intent with NCRI

Pursuant to a Letter of Intent dated August 15, 2017 with NCRI, Telferscot or its assignee has agreed to a proposed transaction involving developing resource properties in Central America.

DISCUSSION OF FINANCIAL POSITION

Liquidity and Capital Resources

Pursuant to the Arrangement, Telferscot will transfer to SpinCo5 all of Telferscot’s interest in the Letter of Intent with NCRI in exchange for 12,500,000 SpinCo5 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo5 will also complete the SpinCo5 Financing which will provide gross proceeds of \$120,000 to fund SpinCo5’s operations.

SpinCo5 is a start-up entity in the mineral exploration sector and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, SpinCo5’s ability to conduct operations, including the development of the Letter of Intent with NCRI, is based on its current cash from the SpinCo5 Financing and its ability to raise funds, primarily from equity sources, and there can be no assurance that SpinCo5 will be able to do so.

See the section of this Circular entitled “Selected Unaudited *Pro-forma* Financial Information” for information concerning the financial assets of SpinCo5 resulting from the Arrangement.

Results of Operations

SpinCo5 has not carried out any commercial operations to date.

Available Funds

Pursuant to the Arrangement, Telferscot will transfer to SpinCo5 all of Telferscot’s interest in Letter of Intent with NCRI and the rights to the SpinCo5 Financing representing \$120,000, in exchange for 12,500,000 SpinCo5 Shares and will undertake the SpinCo5 Financing.

The estimated unaudited *pro-forma* working capital of SpinCo5 at NCRI is approximately \$110,500, which will be available to SpinCo5 upon completion of the Arrangement and the SpinCo5 Financing.

SHARE CAPITAL OF SPINCO5

The following table represents the share capitalization of SpinCo5 as at December 31, 2017, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 ⁽¹⁾	14,500,000 ⁽²⁾
Preferred Shares	Unlimited	0	100,000 ⁽²⁾

Notes:

- (1) One common share of SpinCo5 was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the Arrangement and the SpinCo5 Financing but not the conversion of the SpinCo5 Preferred Shares. The SpinCo5 Preferred Shares are convertible into 10,000,000 SpinCo5 Shares and 5,000,000 SpinCo5 Warrants.

SpinCo5 is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable without par value, of which approximately 14,500,000 SpinCo5 Shares and 100,000 SpinCo5 Preferred Shares will be issued and outstanding following completion of the Arrangement and SpinCo5 Financing.

Common Shares

Holders of SpinCo5 Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of SpinCo5 and are entitled to one vote for each SpinCo5 Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of SpinCo5, including without limitation the rights of the holders of preferred shares, any dividend declared by SpinCo5; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of SpinCo5 shares, including without limitation the holders of preferred shares, the remaining property and assets of SpinCo5 upon dissolution. Subject to the provisions of the Act, SpinCo5 may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of SpinCo5 Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Preferred Shares

The SpinCo5 Preferred Shares are non-voting and redeemable at the option of the holder for three months. If the SpinCo5 Preferred Shares are not redeemed, they will be converted. The holder of SpinCo5 Preferred Shares may convert them at any time with each SpinCo5 Preferred Share being converted into 100 SpinCo5 Shares and 50 SpinCo5 Warrants.

FULLY DILUTED SHARE CAPITAL OF SPINCO5

The *pro-forma* fully diluted share capital of SpinCo5, assuming completion of the Arrangement and the exercise of all Telferscot Share Commitments, is set out below:

Designation of SpinCo5 Securities	Number of SpinCo5 Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1	0.00%
SpinCo5 Shares issued in exchange for Assets, which shares will be distributed to the Telferscot Shareholders ⁽²⁾	12,500,000	42.4%
SpinCo5 Shares issued on completion of the SpinCo5 Financing	2,000,000	6.8%
Total Outstanding on Effective Date	14,500,000	
SpinCo5 Shares issuable on conversion of SpinCo5 Preferred Shares	10,000,000	33.9%
SpinCo5 Shares issuable on the exercise of SpinCo5 Warrants	5,000,000	16.9%
Fully Diluted Total	29,500,000	100.0%

Notes:

- (1) One common share of SpinCo5 was issued to Telferscot on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the SpinCo5 Financing but not the conversion of the SpinCo5 Preferred Shares.

PRIOR SALES OF SECURITIES OF SPINCO5

SpinCo5 issued one common share to Telferscot at a price of \$0.02 on incorporation on December 27, 2017.

OPTIONS AND WARRANTS OF SPINCO5

Stock Options

The Telferscot Shareholders will be asked at the Meeting to approve the SpinCo5 Option Plan. See the section of this Circular entitled "Approval of the SpinCo5 Stock Option Plan". As of the Effective Date, assuming approval of the SpinCo5 Option Plan by the Telferscot Shareholders and the completion of the SpinCo5 financing, there will be approximately 1,450,000 SpinCo5 Shares available for issuance under the SpinCo5 Option Plan. As of the date of this Circular, SpinCo5 has not granted any options under the SpinCo5 Option Plan.

Warrants

On the conversion of the SpinCo5 Preferred Shares, there will be 5,000,000 warrants to acquire SpinCo5 Shares exercisable at \$0.05 per share for 12 months following the closing of the SpinCo5 Financing.

PRINCIPAL SHAREHOLDERS OF SPINCO5

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued SpinCo5 Shares as of the Effective Date other than the following.

Name of Shareholder	Number of Common Shares (%) outstanding on completion of the Arrangement but prior to completion of SpinCo5 Financing	Number of Common Shares (%) outstanding on completion of the Arrangement, the SpinCo5 Financing and the conversion of the SpinCo5 Preferred Shares
Stephen Coates (Directly and Indirectly)	2,145,677 (17.17%)	2,145,677 (8.76%)

DIRECTORS AND OFFICERS OF SPINCO5

The following table sets out the names of the current and proposed directors and officers of SpinCo5, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of SpinCo5, and the number and percentage of SpinCo5 Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Stephen Coates Ontario, Canada	Principal of Grove Capital Group	CEO, Director	Dec 27/17	2,145,677 ⁽¹⁾ 2,145,677 ⁽²⁾
Avrom Howard New York, USA	Professional Geologist	Director	N/A	4,000 ⁽¹⁾ 2,404,000 ⁽²⁾
Catherine Beckett Ontario, Canada	Corporate Secretary	Director	N/A	0 ⁽¹⁾ 0 ⁽²⁾

Notes:

(1) On the completion of the Arrangement.

(2) On the completion of the Arrangement, the SpinCo1 Financing and the conversion of the SpinCo1 Preferred Shares.

Management of SpinCo5

The following is a description of the individuals who will be directors and officers of SpinCo5 following the completion of the Arrangement:

Stephen Coates, CEO, Director

For information concerning Stephen Coates, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Catherine Beckett, Director

For information concerning Catherine Beckett, please see heading entitled “SpinCo2 After The Arrangement – Directors and Officers Of SpinCo2 – Management of SpinCo2”.

Avrom Howard, Director

Avrom E. Howard, MSc, PGeo is a minerals exploration geologist with broad international experience encompassing several metallic, gemstone and industrial mineral commodities, geologic settings, cultural and geographic regions. He retains considerable corporate-financial experience at the executive level, as well, having founded and managed companies that were subsequently listed on the Toronto Venture Exchange. He obtained a Bachelor of Science degree in Geology from the University of Toronto in 1979, a Master of Science Degree in Geology from the University of Colorado at Boulder in 1992, and a Diploma in Gemology from the Gemological Association and Gem Testing Laboratory of Great Britain in 2001.

Geoff Kritzinger, CFO

For information concerning Geoff Kritzinger, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Corporate Cease Trade Orders or Bankruptcies of SpinCo5

Other than as disclosed below, no director, officer, promoter or other member of management of SpinCo5 is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

Geoff Kritzinger was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

Penalties or Sanctions of SpinCo5

No director, officer, promoter or other member of management of SpinCo5 has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies of SpinCo5

No director, officer, promoter or other member of management of SpinCo5 has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest of SpinCo5

The directors of SpinCo5 are required by law to act honestly and in good faith with a view to the best interest of SpinCo5 and to disclose any interests which they may have in any project or opportunity of SpinCo5. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not SpinCo5 will participate in any project or opportunity, that director will primarily consider the degree of risk to which SpinCo5 may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company’s knowledge, there are no known existing or potential conflicts of interest among SpinCo5 and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

EXECUTIVE COMPENSATION OF SPINCO5

The executive officers of SpinCo5 (the “**Executive Officers**”) are:

Stephen Coates – Chief Executive Officer
Geoff Kritzinger – Chief Financial Officer

SpinCo5 does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of SpinCo5.

Prior to the date hereof, SpinCo5 has been a wholly-owned subsidiary of Telferscot. For details on the executive compensation of Telferscot please see the Corporation’s management information circular for the annual meeting held on September 14, 2017 dated August 14, 2017 available at www.sedar.com. No determination has been made as to what if any compensation will be paid to the directors and officers of SpinCo5 on the completion of the Reorganization.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF SPINCO5

No individual who is, or at any time from the date of SpinCo5’s incorporation to the date hereof was a director or executive officer of SpinCo5, or an associate or affiliate of such an individual, is or has been indebted to SpinCo5.

SPINCO5’S AUDITOR

MNP LLP is the auditor of Telferscot. MNP LLP’s offices are located at 50 Burnamthorpe Rd W, Suite 900, Mississauga ON L5B3C2.

SPINCO5’S MATERIAL CONTRACTS

The following are the contracts which are material to SpinCo5:

1. the Arrangement Agreement;
2. the SpinCo5 Option Plan; and
3. the Letter of Intent with NCRI.

The material contracts described above may be inspected at the registered office of SpinCo5 at 2702-401 Bay Street, Toronto, Ontario, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

PROMOTERS OF SPINCO5

The Company is the promoter of SpinCo5.

SPINCO6 AFTER THE ARRANGEMENT

The following is a description of SpinCo6 assuming completion of the Arrangement and the SpinCo6 Financing.

NAME, ADDRESS AND INCORPORATION OF SPINCO6

SpinCo6 was incorporated as “10557633 Canada Corp.” pursuant to the Act on December 27, 2017, for the purposes of the Arrangement. SpinCo6 is currently a private company and a wholly-owned subsidiary of Telferscot. SpinCo6’s head office is located at 2702-401 Bay Street, Toronto, Ontario, and its registered and records office is located at 2702-401 Bay Street, Toronto, Ontario.

INTER-CORPORATE RELATIONSHIPS OF SPINCO6

SpinCo6 does not have any subsidiaries.

SIGNIFICANT ACQUISITION AND DISPOSITIONS OF SPINCO6

SpinCo6 has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under “Matters To Be Acted Upon At The Meeting – 1. The Arrangement”. The Arrangement, if successfully completed, will result in SpinCo6 holding the Memorandum of Understanding with ERL. SpinCo6 will also complete the SpinCo6 Financing. The future operating results and financial position of SpinCo6 cannot be predicted. Shareholders may review the Telferscot and SpinCo6 *pro-forma* financial statements attached as Schedule “S” and Schedule “Q” hereto respectively.

TRENDS OF SPINCO6

SpinCo6 is a start-up stage company that will pursue the development of environmentally-beneficial consumer and commercial products with ERL. ERL has successfully acquired, progressed and commercialized products in this sector over the past 5 years and is looking for a strategic partner to fund new opportunities.

GENERAL DEVELOPMENT OF SPINCO6’S BUSINESS

SpinCo6 was incorporated on December 27, 2017 and has not yet commenced commercial operations. SpinCo6 will acquire the Memorandum of Understanding with ERL as part of the Arrangement, and will commence operations as a developer of environmentally friendly commercial products.

The Board has determined that it would be in the best interests of the Company to change its business to the focus on the Canntab Business, and transfer its interest in the Memorandum of Understanding with ERL to a newly-formed subsidiary company, being SpinCo6, pursuant to the Plan of Arrangement, in exchange for SpinCo6 Shares that would be distributed to the Telferscot Shareholders.

Pursuant to the Arrangement, Telferscot will transfer to SpinCo6 all of Telferscot’s interest in the Memorandum of Understanding with ERL in cash in exchange for 2,500,000 SpinCo6 Shares multiplied by the Conversion Factor, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo6 will also undertake the SpinCo6 Financing. The \$126,000 coming from the SpinCo6 Financing should provide SpinCo6 with the capital necessary to fulfill SpinCo6’s immediate short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Telferscot Shareholders and the Court.

SELECTED UNAUDITED *PRO-FORMA* FINANCIAL INFORMATION OF SPINCO6

SpinCo6 was incorporated on December 27, 2017 and has not yet conducted any commercial operations. The following is a summary of certain financial information on a *pro-forma* basis for SpinCo6 as at December 31, 2017, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited *pro-forma* balance sheet of SpinCo6 appended to this Circular as Schedule “Q”. This *pro-forma* balance sheet was prepared as if the Arrangement had occurred on December 31, 2017, taking into account the assumptions stated therein. The *pro-forma* balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on December 31, 2017,. In addition, the *pro-forma* balance sheet is not necessarily indicative of the financial position that may be attained in the future.

***Pro-forma* Financial
Information of SpinCo6
as at December 31, 2017,**

	(unaudited)
Cash.....	\$120,000
Memorandum of Understanding with ERL.....	\$1
Current liabilities.....	9,500
Shareholders' Equity.....	\$116,501
Number of issued SpinCo6 Common Shares.....	2,920,000

DIVIDENDS OF SPINCO6

SpinCo6 does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the SpinCo6 Shares in the future will be made by the board of directors of SpinCo6 on the basis of the earnings, financial requirements and other conditions existing at such time.

BUSINESS OF SPINCO6 FOLLOWING THE ARRANGEMENT

General Business of SpinCo6

SpinCo6 is not carrying on any business at the present time. On completion of the Arrangement, SpinCo6 will commence its business as a developer of environmentally friendly commercial products.

Duties and Obligations Under the Memorandum of Understanding with Enviro Resources Limited

Following completion of the proposed Plan of Arrangement, the SpinCo6 will acquire the ROFR to fund ERL products and acquisitions. Any transaction with ERL will be subject to a fulsome and complete due diligence process to complete satisfaction of the Company. The Company's obligations under the Memorandum of Understanding with ERL which will become the obligations of SpinCo6 are proof of funding and conditional approval of a prospective public listing on a recognized exchange both of which terms are to the sole satisfaction of ERL.

DISCUSSION OF FINANCIAL POSITION

Liquidity and Capital Resources

Pursuant to the Arrangement, Telferscot will transfer to SpinCo6 all of Telferscot's interest in the Memorandum of Understanding with ERL in exchange for 2,500,000 SpinCo6 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo6 will also complete the SpinCo6 Financing which will provide gross proceeds of \$126,000 to fund SpinCo6's operations.

SpinCo6 is a start-up entity in the environmentally friendly commercial products sector and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, SpinCo6's ability to conduct operations, including the development of the Memorandum of Understanding with ERL, is based on its current cash from the SpinCo6 Financing and its ability to raise funds, primarily from equity sources, and there can be no assurance that SpinCo6 will be able to do so.

See the section of this Circular entitled "Selected Unaudited *Pro-forma* Financial Information" for information concerning the financial assets of SpinCo6 resulting from the Arrangement.

Results of Operations of SpinCo6

SpinCo6 has not carried out any commercial operations to date.

Available Funds of SpinCo6

Pursuant to the Arrangement, Telferscot will transfer to SpinCo6 all of Telferscot's interest in the Memorandum of Understanding with ERL in exchange for 2,500,000 SpinCo6 Shares and will undertake the SpinCo6 Financing.

The estimated unaudited *pro-forma* working capital of SpinCo6 at December 31, 2017, is approximately \$116,500, which will be available to SpinCo6 upon completion of the Arrangement and the SpinCo6 Financing.

SHARE CAPITAL OF SPINCO6

The following table represents the share capitalization of SpinCo6 as at December 31, 2017, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 ⁽¹⁾	2,920,000 ⁽²⁾
Preferred Shares	Unlimited	0	105,000 ⁽²⁾

Notes:

- (1) One common share of SpinCo6 was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the Arrangement and the SpinCo6 Financing but not the conversion of the SpinCo6 Preferred Shares. The SpinCo6 Preferred Shares are convertible into 2,100,000 SpinCo6 Shares and 2,100,000 SpinCo6 Warrants.

SpinCo6 is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable without par value, of which approximately 2,920,000 SpinCo6 Shares and 105,000 SpinCo6 Preferred Shares will be issued and outstanding following completion of the Arrangement and SpinCo6 Financing.

Common Shares

Holders of SpinCo6 Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of SpinCo6 and are entitled to one vote for each SpinCo6 Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of SpinCo6, including without limitation the rights of the holders of preferred shares, any dividend declared by SpinCo6; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of SpinCo6 shares, including without limitation the holders of preferred shares, the remaining property and assets of SpinCo6 upon dissolution. Subject to the provisions of the Act, SpinCo6 may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of SpinCo6 Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Preferred Shares

The SpinCo6 Preferred Shares are non-voting and redeemable at the option of the holder for ten months. If the SpinCo6 Preferred Shares are not redeemed, they will be converted. The holder of SpinCo6 Preferred Shares may convert them at any time with each SpinCo6 Preferred Share being converted into 20 SpinCo6 Shares and 20 SpinCo6 Warrants.

Fully Diluted Share Capital of SpinCo6

The *pro-forma* fully diluted share capital of SpinCo6, assuming completion of the Arrangement and the exercise of all Telferscot Share Commitments, is set out below:

Designation of SpinCo6 Securities	Number of SpinCo6 Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾ .	1	0.00%
SpinCo6 Shares issued in exchange for Assets, which shares will be distributed to the Telferscot Shareholders ⁽²⁾	2,500,000	35.1%
SpinCo6 Shares issued on completion of the SpinCo6 Financing	420,000	5.9%
Total Outstanding on Effective Date	2,920,000	
SpinCo6 Shares issuable on conversion of SpinCo6 Preferred Shares	2,100,000	29.5%
SpinCo6 Shares issuable on the exercise of SpinCo6 Warrants	2,100,000	29.5%
Fully Diluted Total	7,120,000	100%

Notes:

- (1) One common share of SpinCo6 was issued to Telferscot on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the SpinCo6 Financing but not the conversion of the SpinCo6 Preferred Shares.

PRIOR SALES OF SECURITIES OF SPINCO6

SpinCo6 issued one common share to Telferscot at a price of \$0.02 on incorporation on December 27, 2017.

OPTIONS AND WARRANTS OF SPINCO6

Stock Options

The Telferscot Shareholders will be asked at the Meeting to approve the SpinCo6 Option Plan. See the section of this Circular entitled "Approval of the SpinCo6 Stock Option Plan". As of the Effective Date, assuming approval of the SpinCo6 Option Plan by the Telferscot Shareholders and completion of the SpinCo6 Financing but not the conversion of the SpinCo6 Preferred Shares, there will be approximately 292,000 SpinCo6 Shares available for issuance under the SpinCo6 Option Plan. As of the date of this Circular, SpinCo6 has not granted any options under the SpinCo6 Option Plan.

Warrants

On the conversion of the SpinCo6 Preferred Shares, there will be 2,100,000 warrants to acquire SpinCo6 Shares exercisable at \$0.05 per share for 12 months following the closing of the SpinCo6 Financing.

PRINCIPAL SHAREHOLDERS OF SPINCO6

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued SpinCo6 Shares as of the Effective Date other than the following.

Name of Shareholder	Number of Common Shares (%) outstanding on completion of the Arrangement but prior to completion of SpinCo6 Financing	Number of Common Shares (%) outstanding on completion of the Arrangement, the SpinCo6 Financing and the conversion of the SpinCo6 Preferred Shares
Stephen Coates (Directly & Indirectly)	429,135 (17.17%)	609,135 (12.13%)

DIRECTORS AND OFFICERS OF SPINCO6

The following table sets out the names of the current and proposed directors and officers of SpinCo6, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of SpinCo6, and the number and percentage of SpinCo6 Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Stephen Coates Ontario, Canada	Principal of Grove Capital Group	CEO, Director	Dec 27/17	429,135 ⁽¹⁾ 609,135 ⁽²⁾
Michelle Moore Ontario, Canada	Portfolio Manager	Director	N/A	0 ⁽¹⁾ 180,000 ⁽²⁾
Nirvaan Meharchand Ontario, Canada	Portfolio Manager	Director	N/A	0 ⁽¹⁾ 180,000 ⁽²⁾
Gerry Gravina Ontario, Canada	Portfolio Manager	Director	N/A	38,500 ⁽¹⁾ 218,500 ⁽²⁾

Notes:

(1) On the completion of the Arrangement.

(2) On the completion of the Arrangement, the SpinCo1 Financing and the conversion of the SpinCo1 Preferred Shares.

MANAGEMENT OF SPINCO6

The following is a description of the individuals who will be directors and officers of SpinCo6 following the completion of the Arrangement:

Stephen Coates, CEO, Director

For information concerning Stephen Coates, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Gerry Gravina, Director

Prior to Hydra Capital Partners, Mr. Gravina was a partner at Visum Capital Inc. Previously, EVP, Managing Director and Head of Institutional Equity at National Bank Financial, similarly at HSBC Canada and Gordon Capital Inc. Mr. Gravina has also held senior positions at RBC Capital Markets and Merrill Lynch Canada.

Nirvaan Meharchand, Director

Mr. Meharchand completed his formal education at the Schulich school of Business in Investment Finance and, has been a financial industry professional for over 20 years holding positions in research, equity trading and risk management. Most recently, Mr. Meharchand was a co-founder and Managing Director of Wellington West Capital

Markets (WWCM), where he focused on both the domestic and international energy sectors. WWCM was subsequently sold to a major Canadian financial institution.

Michelle Moore, Director

Ms. Moore has been in the investment business for over 20 years. In 2004 she co-founded Flatiron Capital Management Partners, a fund manager with over \$500 million under management. She served as the Chief Operating Officer of the company and was responsible for all aspects of the business for 9 years until the business was sold in 2012. Prior to forming Flatiron she was an institutional equity trader specializing in risk arbitrage for various Canadian bank-owned brokerage houses. Prior to this she spent several years in senior accounting and management roles for Canadian brokerage houses. Ms. Moore has an Honours Bachelor of Commerce from McMaster University and is a Chartered Accountant.

Geoff Kritzingler, CFO

For information concerning Geoff Kritzingler, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Corporate Cease Trade Orders or Bankruptcies of SpinCo6

Other than as disclosed below, no director, officer, promoter or other member of management of SpinCo6 is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

Geoff Kritzingler was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

Penalties or Sanctions of SpinCo6

No director, officer, promoter or other member of management of SpinCo6 has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies of SpinCo6

No director, officer, promoter or other member of management of SpinCo6 has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest of SpinCo6

The directors of SpinCo6 are required by law to act honestly and in good faith with a view to the best interest of SpinCo6 and to disclose any interests which they may have in any project or opportunity of SpinCo6. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not SpinCo6 will participate in any project or opportunity, that director will primarily consider the degree of risk to which SpinCo6 may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among SpinCo6 and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

EXECUTIVE COMPENSATION OF SPINCO6

The executive officers of SpinCo6 (the "**Executive Officers**") are:

Stephen Coates – President
Geoff Kritzingler - President

SpinCo6 does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of SpinCo6.

Prior to the date hereof, SpinCo6 has been a wholly-owned subsidiary of Telferscot. For details on the executive compensation of Telferscot please see the Corporation's management information circular for the annual meeting held on September 14, 2017 dated August 14, 2017 available at www.sedar.com. No determination has been made as to what if any compensation will be paid to the directors and officers of SpinCo6 on the completion of the Reorganization.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF SPINCO6

No individual who is, or at any time from the date of SpinCo6's incorporation to the date hereof was a director or executive officer of SpinCo6, or an associate or affiliate of such an individual, is or has been indebted to SpinCo6.

SPINCO6'S AUDITOR

MNP LLP is the auditor of Telferscot. MNP LLP's offices are located at 50 Burnamthorpe Rd W, Suite 900, Mississauga ON L5B3C2.

SPINCO6'S MATERIAL CONTRACTS

The following are the contracts which are material to SpinCo6:

1. the Arrangement Agreement;
2. the SpinCo6 Option Plan; and
3. the Memorandum of Understanding with ERL.

The material contracts described above may be inspected at the registered office of SpinCo6 at 2702-401 Bay Street, Toronto, Ontario, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

PROMOTERS OF SPINCO6

The Company is the promoter of SpinCo6.

RELATED PARTY MATTERS

Stephen Coates, the CEO, director and 10% shareholder of the Company and SpinCo4 is also a director and controlling shareholder of ERL. Any transaction with ERL will be done in compliance with MI 61-101 which may

include requiring shareholder approval from the minority shareholders of SpinCo6 if no exemptions from MI 61-101 are available.

SPINCO7 AFTER THE ARRANGEMENT

The following is a description of SpinCo7 assuming completion of the Arrangement and the SpinCo7 Financing.

NAME, ADDRESS AND INCORPORATION OF SPINCO7

SpinCo7 was incorporated as “10617059 Canada Corp.” pursuant to the Act on February 5, 2018, for the purposes of the Arrangement. SpinCo7 is currently a private company and a wholly-owned subsidiary of Telferscot. SpinCo7’s head office is located at 2702-401 Bay Street, Toronto, Ontario, and its registered and records office is located at 2702-401 Bay Street, Toronto, Ontario.

INTER-CORPORATE RELATIONSHIPS OF SPINCO7

SpinCo7 does not have any subsidiaries.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS OF SPINCO7

SpinCo7 has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under “Matters To Be Acted Upon At The Meeting – 1. The Arrangement”. The Arrangement, if successfully completed, will result in SpinCo7 holding all rights to the Auxico Litigation. SpinCo7 will also complete the SpinCo7 Financing. The future operating results and financial position of SpinCo7 cannot be predicted. Shareholders may review the Telferscot and SpinCo7 *pro-forma* financial statements attached as Schedule “S” and Schedule “R” hereto respectively.

TRENDS OF SPINCO7

SpinCo7 is a start-up stage company that will initially hold all rights to the Auxico Litigation. While pursuing Auxico Litigation, SpinCo7 will seek out business opportunities to pursue with the proceeds, if any, received from the Auxico Litigation.

GENERAL DEVELOPMENT OF SPINCO7’S BUSINESS

SpinCo7 was incorporated on February 5, 2018 and has not yet commenced commercial operations. SpinCo7 will acquire all rights to the Auxico Litigation as part of the Arrangement, and will pursue the this litigation while seeking out potential opportunities to invest in with the proceeds from the Auxico Litigation.

The Board has determined that it would be in the best interests of the Company to change its business to focus on the Canntab Business, and transfer its interest in the Auxico Litigation to a newly-formed subsidiary company, being SpinCo7, pursuant to the Plan of Arrangement, in exchange for SpinCo7 Shares that would be distributed to the Telferscot Shareholders.

Pursuant to the Arrangement, Telferscot will transfer to SpinCo7 all of Telferscot’s interest in the Auxico Litigation in exchange for 25,000,000 SpinCo7 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo7 will also undertake the SpinCo7 Financing. The \$12,000 coming from the SpinCo7 Financing should provide SpinCo7 with the capital necessary to fulfill SpinCo7’s immediate short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Telferscot Shareholders and the Court.

SELECTED UNAUDITED *PRO-FORMA* FINANCIAL INFORMATION OF SPINCO7

SpinCo7 was incorporated on February 5, 2018 and has not yet conducted any commercial operations. The following is a summary of certain financial information on a *pro-forma* basis for SpinCo7 as at December 31, 2017, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited *pro-forma* balance sheet of SpinCo7 appended to this Circular as Schedule “R”. This *pro-forma* balance sheet was prepared as if the Arrangement had occurred on December 31, 2017, taking into account the assumptions stated therein. The *pro-forma* balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on December 31, 2017. In addition, the *pro-forma* balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<i>Pro-forma</i> Financial Information of SpinCo7 as at December 31, 2017
	(unaudited)
Cash.....	\$12,000
Assignment of Auxico Litigation.....	\$1
Current liabilities.....	47,780
Shareholders’ Equity (Deficiency).....	\$(35,779)
Number of issued SpinCo7 Common Shares.....	27,000,000

DIVIDENDS OF SPINCO7

SpinCo7 does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the SpinCo7 Shares in the future will be made by the board of directors of SpinCo7 on the basis of the earnings, financial requirements and other conditions existing at such time.

BUSINESS OF SPINCO7 FOLLOWING THE ARRANGEMENT

General of SpinCo7

SpinCo7 is not carrying on any business at the present time. On completion of the Arrangement, SpinCo7 will pursue the Auxico Litigation. SpinCo7 will also assume approximately \$38,280 in liabilities from Telferscot related to the transaction with Auxico.

DISCUSSION OF FINANCIAL POSITION

Liquidity and Capital Resources of SpinCo7

Pursuant to the Arrangement, Telferscot will transfer to SpinCo7 all of Telferscot’s interest in the Auxico Litigation in exchange for 25,000,000 SpinCo7 Shares, which shares will be distributed to the Telferscot Shareholders who hold Telferscot Shares on the Share Distribution Record Date. SpinCo7 will also complete the SpinCo7 Financing which will provide gross proceeds of \$12,000 to fund SpinCo7’s operations.

SpinCo7 is a start-up pursuing the Auxico Litigation and, if successful, may seek a further business opportunity and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, SpinCo7’s ability to conduct operations, including the pursuit of the Auxico Litigation, is based on its current cash from the SpinCo7 Financing and its ability to raise funds, primarily from equity sources, and there can be no assurance that SpinCo7 will be able to do so.

See the section of this Circular entitled “Selected Unaudited *Pro-forma* Financial Information” for information concerning the financial assets of SpinCo7 resulting from the Arrangement.

Results of Operations of SpinCo7

SpinCo7 has not carried out any commercial operations to date.

Available Funds of SpinCo7

Pursuant to the Arrangement, Telferscot will transfer to SpinCo7 all of Telferscot's interest in the Auxico Litigation and the rights to the SpinCo7 Financing representing \$12,000, in exchange for 25,000,000 SpinCo7 Shares.

The estimated unaudited *pro-forma* working capital of SpinCo7 at December 31, 2017 is a deficiency of approximately \$35,780, as a result of the assumption of approximately \$38,280 in liabilities but those liabilities will only be payable once the Auxico Litigation is resolved. The balance of SpinCo7's funds from the SpinCo7 Financing will be available to SpinCo7 upon completion of the Arrangement and the SpinCo7 Financing.

SHARE CAPITAL OF SPINCO7

The following table represents the share capitalization of SpinCo7 as at December 31, 2017, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 ⁽¹⁾	27,000,000 ⁽²⁾
Preferred Shares	Unlimited	0	10,000 ⁽²⁾

Notes:

- (1) One common share of SpinCo7 was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the Arrangement and the SpinCo7 Financing but not the conversion of the SpinCo7 Preferred Shares. The SpinCo7 Preferred Shares are convertible into 10,000,000 SpinCo7 Shares and 5,000,000 SpinCo7 Warrants.

SpinCo7 is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable without par value, of which approximately 27,000,000 SpinCo7 Shares and 10,000 SpinCo7 Preferred Shares will be issued and outstanding following completion of the Arrangement and SpinCo7 Financing.

Common Shares

Holders of SpinCo7 Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of SpinCo7 and are entitled to one vote for each SpinCo7 Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of SpinCo7, including without limitation the rights of the holders of preferred shares, any dividend declared by SpinCo7; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of SpinCo7 shares, including without limitation the holders of preferred shares, the remaining property and assets of SpinCo7 upon dissolution. Subject to the provisions of the Act, SpinCo7 may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of SpinCo7 Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Preferred Shares

The SpinCo7 Preferred Shares are non-voting and redeemable at the option of the holder for three months. If the SpinCo7 Preferred Shares are not redeemed, they will be converted. The holder of SpinCo7 Preferred Shares may convert them at any time with each SpinCo7 Preferred Share being converted into one thousand SpinCo7 Shares and five hundred SpinCo7 Warrants.

FULLY DILUTED SHARE CAPITAL OF SPINCO7

The *pro-forma* fully diluted share capital of SpinCo7, assuming completion of the Arrangement and the exercise of all Telferscot Share Commitments, is set out below:

Designation of SpinCo7 Securities	Number of SpinCo7 Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1	0.00%
SpinCo7 Shares issued in exchange for Assets, which shares will be distributed to the Telferscot Shareholders ⁽²⁾	25,000,000	59.5%
SpinCo7 Shares issued on completion of the SpinCo7 Financing	2,000,000	4.8%
Total Outstanding on Effective Date	27,000,000	
SpinCo7 Shares issuable on conversion of SpinCo7 Preferred Shares	10,000,000	23.8%
SpinCo7 Shares issuable on the exercise of SpinCo7 Warrants	5,000,000	11.9%
Fully Diluted Total	42,000,000	100.0%

Notes:

- (1) One common share of SpinCo7 was issued to Telferscot on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Assumes completion of the SpinCo7 Financing but not the conversion of the SpinCo7 Preferred Shares.

PRIOR SALES OF SECURITIES OF SPINCO7

SpinCo7 issued one common share to Telferscot at a price of \$0.02 on incorporation on February 5, 2018.

OPTIONS AND WARRANTS

Stock Options

The Telferscot Shareholders will be asked at the Meeting to approve the SpinCo7 Option Plan. See the section of this Circular entitled "Approval of the SpinCo7 Stock Option Plan". As of the Effective Date, assuming approval of the SpinCo7 Option Plan by the Telferscot Shareholders and completion of the SpinCo7 Financing but not the conversion of the SpinCo7 Preferred Shares, there will be approximately 2,700,000 SpinCo7 Shares available for issuance under the SpinCo7 Option Plan. As of the date of this Circular, SpinCo7 has not granted any options under the SpinCo7 Option Plan.

Warrants

On the conversion of the SpinCo7 Preferred Shares, there will be 5,000,000 warrants to acquire SpinCo7 Shares exercisable at \$0.03 per share for 12 months following the closing of the SpinCo7 Financing.

PRINCIPAL SHAREHOLDERS OF SPINCO7

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued SpinCo7 Shares as of the Effective Date other than the following.

Name of Shareholder	Number of Common Shares (%) outstanding on completion of the Arrangement but prior to completion of SpinCo7 Financing	Number of Common Shares (%) outstanding on completion of the Arrangement, the SpinCo7 Financing and the conversion of the SpinCo7 Preferred Shares
Stephen Coates (Directly and Indirectly)	4,291,354. (17.17%)	10,271,354. (27.81%)
Robert Kirtlan (Directly and Indirectly)	1,700,000 (6.80%)	7,700,000. (20.81%)

DIRECTORS AND OFFICERS OF SPINCO7

The following table sets out the names of the current and proposed directors and officers of SpinCo7, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of SpinCo7, and the number and percentage of SpinCo7 Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, Province and Country of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with the Company	Director/ Officer Since	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
Stephen Coates Ontario, Canada	Principal of Grove Capital Group	CEO, Director	Dec 27/17	4,291,354 ⁽¹⁾ 10,271,354 ⁽²⁾
Robert Kirtlan Perth, Australia	Management Consultant	Director	N/A	1,700,000 ⁽¹⁾ 7,700,000 ⁽²⁾
Catherine Beckett Ontario, Canada	Corporate Secretary	Director	N/A	0 ⁽¹⁾ 0 ⁽²⁾

Notes:

(1) On the completion of the Arrangement.

(2) On the completion of the Arrangement, the SpinCo1 Financing and the conversion of the SpinCo1 Preferred Shares.

Management of SpinCo7

The following is a description of the individuals who will be directors and officers of SpinCo7 following the completion of the Arrangement:

Stephen Coates, CEO, Director

For information concerning Stephen Coates, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Catherine Beckett, Director

For information concerning Catherine Beckett, please see heading entitled “SpinCo2 After The Arrangement – Directors and Officers Of SpinCo2 – Management of SpinCo2”.

Robert Kirtlan, Director

For information concerning Robert Kirtlan, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Geoff Kritzing, CFO

For information concerning Geoff Kritzing, please see heading entitled “SpinCo1 After The Arrangement – Directors and Officers Of SpinCo1 – Management of SpinCo1”.

Corporate Cease Trade Orders or Bankruptcies of SpinCo7

Other than as disclosed below, no director, officer, promoter or other member of management of SpinCo7 is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or promoter.

Geoff Kritzinger was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

Penalties or Sanctions of SpinCo7

No director, officer, promoter or other member of management of SpinCo7 has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies of SpinCo7

No director, officer, promoter or other member of management of SpinCo7 has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest of SpinCo7

The directors of SpinCo7 are required by law to act honestly and in good faith with a view to the best interest of SpinCo7 and to disclose any interests which they may have in any project or opportunity of SpinCo7. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not SpinCo7 will participate in any project or opportunity, that director will primarily consider the degree of risk to which SpinCo7 may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among SpinCo7 and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

EXECUTIVE COMPENSATION OF SPINCO7

The executive officers of SpinCo7 (the “**Executive Officers**”) are:

Stephen Coates – Chief Executive Officer
Geoff Kritzinger – Chief Financial Officer

SpinCo7 does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of SpinCo7.

Prior to the date hereof, SpinCo7 has been a wholly-owned subsidiary of Telferscot. For details on the executive compensation of Telferscot please see the Corporation's management information circular for the annual meeting

held on September 14, 2017 dated August 14, 2017 available at www.sedar.com. No determination has been made as to what if any compensation will be paid to the directors and officers of SpinCo7 on the completion of the Reorganization.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF SPINCO7

No individual who is, or at any time from the date of SpinCo7's incorporation to the date hereof was a director or executive officer of SpinCo7, or an associate or affiliate of such an individual, is or has been indebted to SpinCo7.

SPINCO7'S AUDITOR

MNP LLP is the auditor of Telferscot. MNP LLP's offices are located at 50 Burnamthorpe Rd W, Suite 900, Mississauga ON L5B3C2.

SPINCO7'S MATERIAL CONTRACTS

The following are the contracts which are material to SpinCo7:

1. the Arrangement Agreement;
2. the SpinCo7 Option Plan; and
3. Assignment Agreement in respect of the Auxico Litigation.

The material contracts described above may be inspected at the registered office of SpinCo7 at 2702-401 Bay Street, Toronto, Ontario, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

PROMOTERS OF SPINCO7

The Company is the promoter of SpinCo7.

FURTHER INFORMATION

TRANSFER AGENT AND REGISTRAR

Telferscot's registrar and transfer agent is Capital Transfer Agency Inc., 390 Bay St Suite 920, Toronto, ON M5H 2Y2.

Prior to the Effective Date, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 intend to appoint Capital Transfer Agency Inc., 390 Bay St Suite 920, Toronto, ON M5H 2Y2 as their registrar and transfer agent, or any other suitable Canadian based transfer agent as determined by management.

LEGAL PROCEEDINGS

There are no pending legal proceedings to which the Company or SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 or SpinCo7 is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of the Company or SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 or SpinCo7 are, likely to be subject other than the Auxico Litigation.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Shareholders of the Company may contact the Company to request copies of the Company's financial statements and management's discussion and analysis by sending a written request to 2702-401 Bay Street, Toronto, Ontario, M5H 2Y4,

Attention: Corporate Secretary. Financial information is provided in the Company's comparative financial statements and management discussion and analysis for its most recently completed financial year, if any.

OTHER MATTERS

The Directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of this Circular.

APPROVAL OF INFORMATION CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Board.

Dated at Toronto, Ontario this 21st day of February, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Stephen Coates

Stephen Coates
Chief Executive Officer

CERTIFICATE OF THE CORPORATION

Date: February 21, 2018.

The foregoing management information circular constitutes full, true and plain disclosure of all material facts relating to the transactions contemplated in this management information circular as required by the securities legislation of the Provinces of British Columbia, Alberta, Manitoba and Ontario.

Per: /s/ Stephen Coates
Stephen Coates
Chief Executive Officer

Per: /s/ Geoff Kritzing
Geoff Kritzing
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

Per: /s/ Bruce Reid
Bruce Reid
Director

Per: /s/ Robert Kirtlan
Robert Kirtlan
Director

SCHEDULE “A”

**RESOLUTIONS FOR THE SPECIAL MEETING OF
TELFERSCOT RESOURCES INC.**

Capitalized words used in this Schedule “A” and not otherwise defined shall have the meaning ascribed to such terms in the Circular.

I. To approve the Arrangement

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Arrangement Agreement dated February 16, 2018, between the Company, 10557404 Canada Corp., 10557501 Canada Corp., 10557510 Canada Corp., 10557536 Canada Corp., 10557544 Canada Corp., 10557633 Canada Corp and 10617059 Canada Corp., attached as Schedule “B” to this Circular, is hereby approved, ratified and affirmed;
2. the Arrangement under Division 5 of Part 9 of the Act, substantially as set out in the Plan of Arrangement attached as Schedule A to the Arrangement Agreement, is hereby approved and authorized;
3. notwithstanding that this special resolution has been passed by the Telferscot Shareholders or that the Arrangement has received the approval of the Court, the Board may amend the Arrangement Agreement and/or decide not to proceed with the Arrangement or revoke this special resolution at any time prior to the filing of a certified copy of the court order approving the Arrangement with the Registrar without further approval of the Telferscot Shareholders; and
4. any director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this special resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

II. If the Arrangement Resolution in I. above is approved, to approve the Capital Reduction

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the stated capital of the Company be and is hereby reduced by up to \$3,039,628 to facilitate the Plan of Arrangement;
2. notwithstanding that this ordinary resolution has been duly passed by the shareholders of the Company, approval is hereby given to the board of directors of the Company to reduce the stated capital of up to \$3,039,628 to facilitate the Plan of Arrangement;
3. notwithstanding that this ordinary resolution has been passed by the Telferscot Shareholders or that the Arrangement has received the approval of the Court, the Board may amend the Capital Reduction and/or decide not to proceed with the Capital Reduction or revoke this ordinary resolution at any time prior to the filing of a certified copy of the court order approving the Arrangement with the Registrar without further approval of the Telferscot Shareholders; and
4. any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver any documents, agreements and instruments and to perform all such other acts and things in such person’s opinion as may be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments and the doing of any such act or thing.

III. If the Arrangement Resolution in I. above is approved, to approve, ratify and affirm Stock Option Plans

(a) To approve SpinCo1 Stock Option Plan

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan of SpinCo1, as described in the management information circular of the Company dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and
2. any one (1) director or officer of the Company be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.

(b) To approve SpinCo2 Stock Option Plan

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan of SpinCo2, as described in the management information circular of the Company dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and
2. any one (1) director or officer of the Company be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.

(c) To approve SpinCo3 Stock Option Plan

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan of SpinCo3, as described in the management information circular of the Company dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and
2. any one (1) director or officer of the Company be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.

(d) To approve SpinCo4 Stock Option Plan

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan of SpinCo4, as described in the management information circular of the Company dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and
2. any one (1) director or officer of the Company be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.

(e) To approve SpinCo5 Stock Option Plan

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan of SpinCo5, as described in the management information circular of the Company dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and
2. any one (1) director or officer of the Company be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.
 - (f) To approve SpinCo6 Stock Option Plan

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan of SpinCo6, as described in the management information circular of the Company dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and
2. any one (1) director or officer of the Company be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.
 - (b) To approve SpinCo7 Stock Option Plan

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan of SpinCo7, as described in the management information circular of the Company dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and
2. any one (1) director or officer of the Company be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.
- IV. If the Arrangement Resolution in I. above is approved, to approve acquisition of Canntab Therapeutics Limited

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the acquisition of all of the issued and outstanding securities of Canntab Therapeutics Limited (“**Canntab**”) by way of a three cornered amalgamation between the Company, 2611780 Ontario Inc. (“**Subco**”), currently a wholly-owned subsidiary of the Company, and Canntab (the “**Acquisition**”);
2. notwithstanding that this ordinary resolution has been duly passed by the shareholders of the Company, the board of directors are hereby authorized and empowered, without further notice to, or approval of, the shareholders of the Company, not to proceed with the Acquisition; and
3. any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver any documents, agreements and instruments and to perform all such other acts and things in such person’s opinion as may be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments and the doing of any such act or thing.

- V. If the Acquisition Resolution in IV. above is approved, to approve the consolidation of the issued and outstanding capital

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the issued and outstanding shares in the capital of the Company be consolidated on the basis of one (1) post-Consolidation Common Share for up to every two hundred (200) Common Shares currently issued and outstanding and the directors of the Company are hereby authorized to select a lesser consolidation ratio at their sole discretion;
 2. no fractional shares shall be issued upon the consolidation, each fractional Common Share that is less than ½ of one post-Consolidation Common Share will be cancelled and each fractional Common Share that is at least ½ of one post-Consolidation Common Share will be rounded up to one whole post-Consolidation Common Share;
 3. notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the directors of the Company may revoke the foregoing resolutions before they are acted on without any further approval by the persons eligible to vote on this special resolution at the Meeting;
 4. the effective date of such consolidation shall be the date shown in the certificate of amendment; and
 5. any of the officers or directors of the Company be and are hereby authorized for and on behalf of the Company (whether under its corporate seal or otherwise) to execute and deliver Articles of Amendment to effect the foregoing resolutions with the Ministry of Government Services (Ontario) and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any such action.
- VI. If the Acquisition Resolution in IV. above is approved, to approve a change of name of the Company.

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Company is hereby authorized to file Articles of Amendment pursuant to the OBCA to change its name from “Telferscot Resources Inc.” to “Canntab Therapeutics Limited”, or such other name that the board of directors deems appropriate and as may be approved by applicable regulatory authorities, including the Canadian Securities Exchange, if the board of directors considers it to be in the best interests of the Company to implement such a name change;
2. any one director or officer of the Company be, and such director or officer of the Company is hereby, authorized, instructed and empowered, acting for, in the name of and behalf of the Company, to do or to cause all such other acts and things in the opinion of such director or officer of the Company as may be necessary or desirable in order to fulfill the intent of this foregoing resolution; and
3. notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the board of directors of is hereby authorized and empowered, if it decides not to proceed with this special resolution, to revoke this resolution in whole or in part at any time prior to it being given effect without further notice to, or approval of, the shareholders.

VII. If the Acquisition Resolution in IV. above is approved, to approve a board change.

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Jeff Renwick, Richard Goldstein, Sheldon Inwentash, Vitor Fonesca and Barry M. Polisuk be and are hereby elected as directors to the Company effective on the completion of the Acquisition to hold office until the next Annual Meeting of Shareholders or until their successors are elected or appointed; and
2. any one director or officer of the Company be and is hereby authorized to make all such arrangements and directed to do all acts and things and to sign and execute and deliver all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.

Schedule "B"

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 16th day of February, 2018.

AMONG:

TELFERSCOT RESOURCES INC., a corporation incorporated under the laws of Canada (“**Telferscot**”)

- and -

10557404 CANADA CORP., a corporation incorporated under the laws of Canada (“**SpinCo1**”)

- and -

10557501 CANADA CORP., a corporation incorporated under the laws of Canada (“**SpinCo2**”)

- and -

10557510 CANADA CORP., a corporation incorporated under the laws of Canada (“**SpinCo3**”)

- and -

10557536 CANADA CORP., a corporation incorporated under the laws of Canada (“**SpinCo4**”)

- and -

10557544 CANADA CORP., a corporation incorporated under the laws of Canada (“**SpinCo5**”)

- and -

10557633 CANADA CORP., a corporation incorporated under the laws of Canada (“**SpinCo6**”)

- and -

10617059 CANADA CORP., a corporation incorporated under the laws of Canada (“**SpinCo7**”)

(collectively, “the **Parties**”)

WHEREAS Telferscot has entered into an amalgamation agreement with Canntab Therapeutics Limited (“**Canntab**”) dated as of January 12, 2018 (the “**Amalgamation Agreement**”) pursuant to which Telferscot, 2611780 Ontario Inc. (“**SubCo**”), a wholly-owned subsidiary of Telferscot, and Canntab have agreed to enter into a transaction pursuant to which, among other things, Canntab will amalgamate with SubCo and the shareholders of Canntab will receive post-consolidation shares of Telferscot in

consideration for their shares of Canntab on the terms set out in the Amalgamation Agreement (the “**Amalgamation Transaction**”);

AND WHEREAS it is a condition of the Amalgamation Agreement that prior to the completion of the Amalgamation Transaction, Telferscot will transfer its Assets (as such term is defined in this Agreement) to its wholly-owned subsidiaries SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpiCo5, SpinCo6 and SpinCo7;

AND WHEREAS the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Canada Business Corporations Act*;

AND WHEREAS the Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) “**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (b) “**Applicable Laws**” means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) “**Arrangement**” means the arrangement pursuant to Section 192 of the CBCA set forth in the Plan of Arrangement;
- (d) “**Arrangement Resolution**” means the special resolution in respect to the Arrangement and other related matters to be considered at the Telferscot Meeting;
- (e) “**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under Section 192(6) of the CBCA to be sent to the Director after the Final Order has been granted, giving effect to the Arrangement;
- (f) “**Assets**” means the assets of Telferscot to be transferred to the Telferscot Subsidiaries pursuant to the Arrangement, as more particularly described in Schedule B attached hereto and forming part of this Agreement;
- (g) “**CBCA**” means the *Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder;

- (h) “**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Toronto, Ontario are not generally open for business;
- (i) “**CSE**” means the Canadian Securities Exchange;
- (j) “**Capital Transfer**” means Capital Transfer Inc.;
- (k) “**Court**” means the Supreme Court of Justice of Ontario;
- (l) “**Director**” means the Director duly appointed under the CBCA;
- (m) “**Dissenting Shareholder**” means a Telferscot Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Telferscot Shares in accordance with the Interim Order and the Plan of Arrangement;
- (n) “**Dissenting Shares**” means the Telferscot Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (o) “**Effective Date**” means the date the Arrangement becomes effective under the CBCA;
- (p) “**Exchange Factor**” means the number arrived at by dividing 2,500,000 by the number of issued Telferscot Shares as of the close of business on the Share Distribution Record Date. On the assumption that Telferscot will have 125,000,000 Telferscot Shares outstanding on the Share Distribution Record Date, the Exchange Factor will be 0.02;
- (q) “**Final Order**” means the order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (r) “**IFRS**” means generally accepted accounting principles in effect in Canada at the relevant time;
- (s) “**Information Circular**” means the management proxy circular of Telferscot to be sent by Telferscot to the Telferscot Shareholders in connection with the Telferscot Meeting;
- (t) “**Interim Order**” means an interim order of the Court concerning the Arrangement in respect of Telferscot, containing declarations and directions with respect to the Arrangement and the holding of the Telferscot Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (u) “**New Shares**” means the new class of common shares without par value which Telferscot will create pursuant to Section 3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Telferscot Shares;
- (v) “**Notice of Meeting**” means the notice of special meeting of the Telferscot Shareholders in respect of the Telferscot Meeting;
- (w) “**Parties**” means Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7; and “**Party**” means any one of them;

- (x) “**Person**” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (y) “**Plan of Arrangement**” means the plan of arrangement substantially in the form set out in Schedule A to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 7 hereof;
- (z) “**Registered Shareholder**” means a registered holder of Telferscot Shares as recorded in the shareholder register of Telferscot maintained by Capital Transfer;
- (aa) “**Share Distribution Record Date**” means the close of business on the day which is four Business Days after the date of the Telferscot Meeting or such other date as agreed to by the Parties, which date establishes the Telferscot Shareholders who will be entitled to receive SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares pursuant to this Plan of Arrangement; and
- (bb) “**SpinCo1**” means 10557404 Canada Corp., a private company incorporated under the CBCA;
- (cc) “**SpinCo1 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo1 Option Plan, the full text of which is set out in Schedule “D” to this Arrangement Agreement;
- (dd) “**SpinCo1 Shareholder**” means a holder of SpinCo1 Shares;
- (ee) “**SpinCo1 Shares**” means the common shares without par value in the authorized share structure of SpinCo1, as constituted on the date of this Agreement;
- (ff) “**SpinCo2**” means 10557501 Canada Corp., a private company incorporated under the CBCA;
- (gg) “**SpinCo2 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo2 Option Plan, the full text of which is set out in Schedule “E” to this Arrangement Agreement;
- (hh) “**SpinCo2 Shareholder**” means a holder of SpinCo2 Shares;
- (ii) “**SpinCo2 Shares**” means the common shares without par value in the authorized share structure of SpinCo2, as constituted on the date of this Agreement;
- (jj) “**SpinCo3**” means 10557510 Canada Corp., a private company incorporated under the CBCA;
- (kk) “**SpinCo3 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo3 Option Plan, the full text of which is set out in Schedule “F” to this Arrangement Agreement;
- (ll) “**SpinCo3 Shareholder**” means a holder of SpinCo3 Shares;

- (mm) “**SpinCo3 Shares**” means the common shares without par value in the authorized share structure of SpinCo3, as constituted on the date of this Agreement;
- (nn) “**SpinCo4**” means 10557536 Canada Corp., a private company incorporated under the CBCA;
- (oo) “**SpinCo4 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo4 Option Plan, the full text of which is set out in Schedule “G” to this Arrangement Agreement;
- (pp) “**SpinCo4 Shareholder**” means a holder of SpinCo4 Shares;
- (qq) “**SpinCo4 Shares**” means the common shares without par value in the authorized share structure of SpinCo4, as constituted on the date of this Agreement;
- (rr) “**SpinCo5**” means 10557544 Canada Corp., a private company incorporated under the CBCA;
- (ss) “**SpinCo5 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo5 Option Plan, the full text of which is set out in Schedule “H” to this Arrangement Agreement;
- (tt) “**SpinCo5 Shareholder**” means a holder of SpinCo5 Shares;
- (uu) “**SpinCo5 Shares**” means the common shares without par value in the authorized share structure of SpinCo5, as constituted on the date of this Agreement;
- (vv) “**SpinCo6**” means 10557633 Canada Corp., a private company incorporated under the CBCA;
- (ww) “**SpinCo6 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo6 Option Plan, the full text of which is set out in Schedule “I” to this Arrangement Agreement;
- (xx) “**SpinCo6 Shareholder**” means a holder of SpinCo6 Shares;
- (yy) “**SpinCo6 Shares**” means the common shares without par value in the authorized share structure of SpinCo6, as constituted on the date of this Agreement;
- (zz) “**SpinCo7**” means 10617059 Canada Corp., a private company incorporated under the CBCA;
- (aaa) “**SpinCo7 Option Plan Resolution**” means an ordinary resolution to be considered by the Telferscot Shareholders to approve the SpinCo7 Option Plan, the full text of which is set out in Schedule “C” to this Arrangement Agreement;
- (bbb) “**SpinCo7 Shareholder**” means a holder of SpinCo7 Shares;
- (ccc) “**SpinCo7 Shares**” means the common shares without par value in the authorized share structure of SpinCo7, as constituted on the date of this Agreement;

- (ddd) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time.
- (eee) “**Telferscot Class A Shares**” means the renamed and re-designated Telferscot Shares as described in Section 3.1 of the Plan of Arrangement;
- (fff) “**Telferscot Class A Preferred Shares**” means the Class “A” preferred shares without par value which Telferscot will create and issue pursuant to Section 3.1 of the Plan of Arrangement;
- (ggg) “**Telferscot Meeting**” means the special meeting of the Telferscot Shareholders to be held on March 22, 2018, and any adjournment(s) or postponement(s) thereof;
- (hhh) “**Telferscot Shares**” means the common shares without par value in the authorized share capital of Telferscot, as constituted on the date of this Agreement;
- (iii) “**Telferscot Shareholders**” means the holders from time to time of Telferscot Shares;
- (jjj) “**Telferscot Subsidiaries**” means SubCo, SpinCo1, SpinCo2,, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7;

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including Schedules A to E hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Entire Agreement

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under International Financial Reporting Standards and all determinations of an accounting nature are required to be made shall be made in a manner consistent with International Financial Reporting Standards.

1.8 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.9 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.10 Schedules

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

- A - Plan of Arrangement
- B - Assets
- C - SpinCo1 Option Plan Resolution
- D - SpinCo2 Option Plan Resolution
- E - SpinCo3 Option Plan Resolution
- F – SpinCo4 Option Plan Resolution
- G – SpinCo5 Option Plan Resolution
- H – SpinCo6 Option Plan Resolution
- I – SpinCo7 Option Plan Resolution

ARTICLE 2
THE ARRANGEMENT

2.1 Plan of Arrangement

The Parties will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Telferscot Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, the Parties will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the Telferscot Shareholders, the Parties shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Telferscot shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the CBCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 Interim Order

The Interim Order shall provide that:

TELFERSCOT

- (a) the securities of Telferscot for which holders shall be entitled to vote on the Arrangement Resolution shall be the Telferscot Shares;
- (b) the Telferscot Shareholders shall be entitled to vote on the Arrangement Resolution, with each Telferscot Shareholder being entitled to one vote for each Telferscot Share held by such holder; and
- (c) the requisite majority for the approval of the Arrangement Resolution shall be two-thirds of the votes cast by the Telferscot Shareholders present in person or by proxy at the Telferscot Meeting.

2.3 Information Circular and Meeting

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

- (a) Telferscot shall:
 - (i) prepare the Information Circular and cause such circular to be mailed to the Telferscot Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
 - (ii) convene the Telferscot Meeting.

2.4 Effective Date

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

ARTICLE 3 COVENANTS

3.1 Covenants Regarding the Arrangement

From the date hereof until the Effective Date, the Parties will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

3.2 Covenants Regarding Execution of Documents

- (a) The Parties will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

3.3 Giving Effect to the Arrangement

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the Telferscot Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The SpinCo1 Shareholder, SpinCo2 Shareholder, SpinCo3 Shareholder, SpinCo4 Shareholder, SpinCo5 Shareholder, SpinCo6 Shareholder and Spinco7 Shareholder shall approve the Arrangement by a consent resolution;
- (c) Upon obtaining the Interim Order, Telferscot shall call the Telferscot Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the Telferscot Shareholders;
- (d) If the Telferscot Shareholders approve the Arrangement as set out in Section 3.3 hereof, Telferscot shall thereafter (subject to the exercise of any discretionary authority granted

to Telferscot's directors by the Telferscot Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and

- (e) Upon receipt of the Final Order, Telferscot shall, subject to compliance with any of the other conditions provided for in Article 3.3 hereof and to the rights of termination contained in Article 7 hereof, file the material described in Section 5.1 with the Director in accordance with the terms of the Plan of Arrangement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties

Each of the Parties hereby represents and warrants to the other that.

- (a) It is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constating or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Telferscot Shareholders at the Telferscot Meeting in accordance with the CBCA, the constating documents of

Telferscot, the Interim Order and the requirements of any applicable regulatory authorities;

- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the SpinCo1 Shareholder, SpinCo2 Shareholder, SpinCo3 Shareholder, SpinCo4 Shareholder, SpinCo5 Shareholder, SpinCo6 Shareholder and SpinCo7 Shareholder to the extent required by, and in accordance with, the CBCA and the constating documents of each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7.
- (d) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably;
- (e) the CSE shall have conditionally approved Telferscot's application to continue to list its common shares on the CSE following the completion of the Amalgamation Transaction, subject to compliance with the requirements of the CSE;
- (f) the Articles of Arrangement to be filed as required pursuant to the CBCA in accordance with the Arrangement shall be in form and substance satisfactory to the Parties, acting reasonably;
- (g) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to the Parties;
- (h) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (i) this Agreement shall not have been terminated under Article 7.

Except for the conditions set forth in this Section 5.1 which, by their nature, may not be waived, any of the other conditions in this Section 5.1 may be waived, either in whole or in part, by any of the Parties, as the case may be, at its discretion.

5.2 Closing

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at 10:00 a.m. (Toronto time) on such date as they may mutually agree (the "**Closing Date**"), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

5.3 Merger of Conditions

The conditions set out in Section 5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

5.4 Merger of Representations and Warranties

The representations and warranties in Section 4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

ARTICLE 6 AMENDMENT

6.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the Telferscot Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Telferscot Shareholder without approval by the Telferscot Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

ARTICLE 7 TERMINATION

7.1 Termination

Subject to Section 7.2, this Agreement may at any time before or after the holding of the Telferscot Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the board of directors of Telferscot without further action on the part of the Telferscot Shareholders, or by the respective board of directors of SpinCo1, SpinCo2 and SpinCo3 without further action on the part of the respective SpinCo1 Shareholder, SpinCo2 Shareholder, SpinCo3 Shareholder, SpinCo4 Shareholder, SpinCo5 Shareholder, SpinCo6 Shareholder and SpinCo7 Shareholder, and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 or SpinCo7 respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

7.2 Cessation of Right

The right of any of the Parties or any other party to amend or terminate the Plan of Arrangement pursuant to Section 6.1 and Section 7.1 shall be extinguished upon the occurrence of the Effective Date.

**ARTICLE 8
NOTICES**

8.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by telecopy and in the case of:

TELFERSCOT, addressed to:

Suite 2702
401 Bay Street
Toronto, ON M5H 2Y4

Attention: Stephen Coates
Email: info@telferscot.com

10557404 Canada Corp., addressed to:

Suite 2702
401 Bay Street
Toronto, ON M5H 2Y4

Attention: Stephen Coates
Email: info@telferscot.com

10557501 Canada Corp., addressed to:

Suite 2702
401 Bay Street
Toronto, ON M5H 2Y4

Attention: Stephen Coates
Email: info@telferscot.com

10557510 Canada Corp., addressed to:

Suite 2702
401 Bay Street
Toronto, ON M5H 2Y4

Attention: Stephen Coates
Email: info@telferscot.com

10557536 Canada Corp., addressed to:
Suite 2702
401 Bay Street
Toronto, ON M5H 2Y4

Attention: Stephen Coates
Email: info@telferscot.com

10557544 Canada Corp., addressed to:
Suite 2702
401 Bay Street
Toronto, ON M5H 2Y4

Attention: Stephen Coates
Email: info@telferscot.com

10557633 Canada Corp., addressed to:
Suite 2702
401 Bay Street
Toronto, ON M5H 2Y4

Attention: Stephen Coates
Telecopier: 416 352-0051

10617059 Canada Corp., addressed to:
Suite 2702
401 Bay Street
Toronto, ON M5H 2Y4

Attention: Stephen Coates
Email: info@telferscot.com

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

ARTICLE 9 GENERAL

9.1 Assignment and Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

9.2 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the

foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

9.3 Costs

Except as contemplated in the Arrangement and herein, each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

9.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

9.5 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

9.6 Time of Essence

Time shall be of the essence of this Agreement.

9.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Ontario. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of Ontario in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Ontario and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

9.8 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

9.9 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

TELFERSCOT RESOURCES INC.

By: /s/ Stephen Coates

10557404 CANADA CORP.

By: /s/ Stephen Coates

10557501 CANADA CORP.

By: /s/ Stephen Coates

10557510 CANADA CORP.

By: /s/ Stephen Coates

10557536 CANADA CORP.

By: /s/ Stephen Coates

10557544 CANADA CORP.

By: /s/ Stephen Coates

10557633 CANADA CORP.

By: /s/ Stephen Coates

10617059 CANADA CORP.

By: /s/ Stephen Coates

SCHEDULE "A" TO THE ARRANGEMENT AGREEMENT

PLAN OF ARRANGEMENT UNDER THE *CANADA BUSINESS CORPORATIONS ACT*

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

“**Amalco**” means the entity formed on the amalgamation of SubCo and Canntab pursuant to the Amalgamation Transaction in accordance with the Amalgamation Agreement;

“**Amalgamation Agreement**” means the amalgamation agreement dated January 12, 2018 among Telferscot, SubCo and Canntab;

“**Amalgamation Transaction**” means the transactions described in the Amalgamation Agreement resulting in the amalgamation between Canntab and SubCo in accordance under the provisions of the terms of the *Business Corporations Act* (Ontario);

“**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the proposed arrangement involving Telferscot Shareholders, the SpinCo1 Shareholders, the SpinCo2 Shareholders, the SpinCo3 Shareholders, the SpinCo4 Shareholders, the SpinCo5 Shareholders, the SpinCo6 Shareholders and the SpinCo7 Shareholders, pursuant to the CBCA on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

“**Arrangement Agreement**” means the arrangement agreement dated effective February 16, 2018, between the Parties with respect to the Arrangement, and all amendments thereto;

“**Assets**” means the assets of Telferscot described in Schedule B to the Arrangement Agreement;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

“**Canntab**” means Canntab Therapeutics Limited, a company existing under the *Business Corporations Act* (Ontario);

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. 44, as may be amended or replaced from time to time;

“**Consolidated New Shares**” means the common shares of Telferscot issued and outstanding following the consolidation described in Section 3.1(j)(i);

“**Court**” means the Supreme Court of Justice of Ontario;

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

“**Depository**” means Capital Transfer Agency Inc.;

“**Director**” means the Director appointed pursuant to section 260 of the CBCA;

“**Distributed SpinCo1 Shares**” means the SpinCo1 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo2 Shares**” means the SpinCo2 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo3 Shares**” means the SpinCo3 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo4 Shares**” means the SpinCo4 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo5 Shares**” means the SpinCo5 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo6 Shares**” means the SpinCo6 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo7 Shares**” means the SpinCo7 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Effective Date**” means the date the Arrangement becomes effective under the CBCA;

“**Exchange Factor**” means the number arrived at by dividing 2,500,000 by the number of issued Telferscot Shares as of the close of business on the Share Distribution Record Date. On the assumption that Telferscot will have 125,000,000 Telferscot Shares outstanding on the Share Distribution Record Date, the Exchange Factor will be 0.02;

“**Final Order**” means the final order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Information Circular**” means the management information circular to be sent to the Telferscot Shareholders in connection with the Telferscot Meeting;

“**Interim Order**” means the interim order of the Court concerning the Arrangement under the CBCA in respect of the Parties, containing declarations and directions with respect to the Arrangement and the holding of the Meetings, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**New Shares**” means the new class of common shares without par value which Telferscot will create pursuant to Section 3.1 of this Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant aspect to the Telferscot Shares;

“**Parties**” means, collectively, Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 and “**Party**” means any one of them;

“**Plan**” or “**Plan of Arrangement**” means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 7 of the Arrangement Agreement;

“Share Distribution Record Date” means the close of business on the day which is four Business Days after the date of the Telferscot Meeting or such other date as agreed to by the Parties, which date establishes the Telferscot Shareholders who will be entitled to receive SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares, pursuant to this Plan of Arrangement;

“SpinCo1” means 10557404 Canada Corp., a private company incorporated under the CBCA;

“SpinCo1 Shares” means the common shares without par value in the authorized share structure of SpinCo1, as constituted on the date of the Arrangement Agreement;

“SpinCo1 Stock Option Plan” means the proposed common share purchase option plan of SpinCo1, which is subject to Telferscot Shareholder approval;

“SpinCo2” means 10557501 Canada Corp., a private company incorporated under the CBCA;

“SpinCo2 Shares” means the common shares without par value in the authorized share structure of SpinCo2, as constituted on the date of the Arrangement Agreement;

“SpinCo2 Stock Option Plan” means the proposed common share purchase option plan of SpinCo2, which is subject to Telferscot Shareholder approval;

“SpinCo3” means 10557510 Canada Corp., a private company incorporated under the CBCA;

“SpinCo3 Shares” means the common shares without par value in the authorized share structure of SpinCo3, as constituted on the date of the Arrangement Agreement;

“SpinCo3 Stock Option Plan” means the proposed common share purchase option plan of SpinCo3, which is subject to Telferscot Shareholder approval;

“SpinCo4” means 10557536 Canada Corp., a private company incorporated under the CBCA;

“SpinCo4 Shares” means the common shares without par value in the authorized share structure of SpinCo4, as constituted on the date of the Arrangement Agreement;

“SpinCo4 Stock Option Plan” means the proposed common share purchase option plan of SpinCo4, which is subject to Telferscot Shareholder approval;

“SpinCo5” means 10557544 Canada Corp., a private company incorporated under the CBCA;

SpinCo5 Shares” means the common shares without par value in the authorized share structure of SpinCo5, as constituted on the date of the Arrangement Agreement;

“SpinCo5 Stock Option Plan” means the proposed common share purchase option plan of SpinCo5, which is subject to Telferscot Shareholder approval;

“SpinCo6” means 10557633 Canada Corp., a private company incorporated under the CBCA;

“SpinCo6 Shares” means the common shares without par value in the authorized share structure of SpinCo6, as constituted on the date of the Arrangement Agreement;

“**SpinCo6 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo6, which is subject to Telferscot Shareholder approval;

“**SpinCo7**” means 10617059 Canada Corp., a private company incorporated under the CBCA;

“**SpinCo7 Shares**” means the common shares without par value in the authorized share structure of SpinCo1, as constituted on the date of the Arrangement Agreement;

“**SpinCo7 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo7, which is subject to Telferscot Shareholder approval;

“**Subco**” means 2611780 Ontario Inc., a wholly-owned subsidiary existing under the *Business Corporations Act* (Ontario) formed for the purposes of completing the Amalgamation Transaction;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended; and

“**Telferscot**” means Telferscot Resources Inc., a company existing under the CBCA;

“**Telferscot Class A Shares**” means the renamed and re-designated Telferscot Shares, as described in Section 3.1 of this Plan of Arrangement;

“**Telferscot Class A Preferred Shares**” means the Class “A” preferred shares without par value which Telferscot will create and issue pursuant to Section 3.1 of this Plan of Arrangement;

“**Telferscot Meeting**” means the special meeting of Telferscot Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;

“**Telferscot Shares**” means the common shares of Telferscot and “**Telferscot Shareholder**” means the holders from time to time of Telferscot Shares;

“**Transfer Agent**” means Capital Transfer Agency Inc. at its principal office in Toronto, Ontario.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**ARTICLE 2
ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the Telferscot Shareholders.

**ARTICLE 3
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
 - (a) Telferscot will transfer the Assets to each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo 6 and SpinCo 7 in consideration for 12,500,000 shares from each of SpinCo1 and SpinCo5 (the “**Distributed SpinCo1 Shares**” and the “**Distributed SpinCo5 Shares**”), 2,500,000 shares from each of SpinCo2, SpinCo3, SpinCo4, and SpinCo6 (the “**Distributed SpinCo2 Shares**”, the “**Distributed SpinCo3 Shares**”, the “**Distributed SpinCo4 Shares**”, and the “**Distributed SpinCo6 Shares**”), and 25,000,000 SpinCo7 Shares (the “**Distributed SpinCo7 Shares**”). Thereafter, Telferscot will be added to the securities register of each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 in respect of such SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares;
 - (b) The authorized share capital of Telferscot will be changed by:
 - (i) Altering the identifying name of the Telferscot Shares to class “A” common shares without par value, being the Telferscot Class A Shares;
 - (ii) Creating a class consisting of an unlimited number of common shares without par value (the “**New Shares**”); and
 - (iii) Creating a class consisting of an unlimited number of class “A” preferred shares without par value, having the rights and restrictions described in Schedule “A” to the Plan of Arrangement, being the Telferscot Class A Preferred Shares;
 - (c) Each issued Telferscot Class A Share will be exchanged for one New Share and one Telferscot Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Telferscot Class A Shares will be removed from the securities register of Telferscot and will be added to the securities register as the holders of the number of New Shares and Telferscot Class A Preferred Shares that they have received on the exchange;
 - (d) All of the issued Telferscot Class A Shares will be cancelled with the appropriate entries being made in the central securities register of Telferscot and the aggregate paid-up capital (as that term is used for purposes of the Tax Act) of the Telferscot Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the Telferscot Class A Preferred Shares so that the aggregate paid-up capital of the Telferscot

Class A Preferred Shares is equal to the aggregate fair market value of the Distributed SpinCo1 Shares, the Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and the Distributed SpinCo7 Shares as of the Effective Date, and each Telferscot Class A Preferred Share so issued will be issued by Telferscot at an issue price equal to the aggregate fair market value of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares as of the Effective Date divided by the number of issued Telferscot Class A Preferred Shares, such aggregate fair market value of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to be determined as at the Effective Date by resolution of the board of directors of Telferscot;

- (e) Telferscot will redeem the issued Telferscot Class A Preferred Shares for consideration consisting solely of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares such that each holder of Telferscot Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive: (i) that number of SpinCo1 Shares and SpinCo5 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by 5 times the Exchange Factor; (ii) that number of SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, and SpinCo6 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by the Exchange Factor; and (iii) that number of SpinCo7 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by 10 times the Exchange Factor;
- (f) The name of each holder of Telferscot Class A Preferred Shares will be removed as such from the central securities register of Telferscot, and all of the issued Telferscot Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of Telferscot;
- (g) The Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares transferred to the holders of the Telferscot Class A Preferred Shares pursuant to step (e) above will be registered in the names of the former holders of Telferscot Class A Preferred Shares and appropriate entries will be made in the central securities registers of each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7;
- (h) The Telferscot Class A Shares and the Telferscot Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps (c) and (e) above are completed, will be cancelled and the authorized share structure of Telferscot will be changed by eliminating the Telferscot Class A Shares and the Telferscot Class A Preferred Shares therefrom;
- (i) The Articles of Telferscot will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement;

- 3.2 After the Effective Date and subsequent to the completion of the Plan of Arrangement and subject to receipt of all necessary approvals, Telferscot will complete the Amalgamation Transaction in accordance with the following:
- (a) The New Shares will be consolidated on the basis of one (1) Consolidated New Share in exchange for every two-hundred (200) New Shares of Telferscot;
 - (b) Concurrent with the completion of the Amalgamation Transaction, shareholders of Canntab will receive four (4) Consolidated New Shares in exchange for each one (1) common share of Canntab, and all the common shares of Canntab will be cancelled; and
 - (c) the attributes of Amalco shall be as described in the Article 2 of the Amalgamation Agreement.
- 3.3 Notwithstanding Section 3.1(e), no fractional SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 or SpinCo7 Shares shall be distributed to the Telferscot Shareholders or the holders of Telferscot Share Commitments and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and Distributed SpinCo7 Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Telferscot in its absolute discretion.
- 3.4 The holders of the Telferscot Class A Shares and the holders of New Shares and Telferscot Class A Preferred Shares referred to in Section 3.1(c), and the holders of the Telferscot Class A Preferred Shares referred to in Section 3.1(e), Section 3.1(f) and Section 3.1(g), shall mean in all cases those persons who are Telferscot Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.5 In addition to the chronological order in which the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the Telferscot Class A Preferred Shares set out in Section 3.1(e) shall occur and shall be deemed to occur after Telferscot has obtained conditional approval to list its Consolidated New Shares on the CSE.
- 3.6 All New Shares, Telferscot Class A Preferred Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the CBCA.
- 3.7 The Arrangement shall become final and conclusively binding on the Telferscot Shareholders, the SpinCo1 Shareholders, the SpinCo2 Shareholders, the SpinCo3 Shareholders, the SpinCo4 Shareholders, the SpinCo5 Shareholders, the SpinCo6 Shareholders, the Spinco7 Shareholders and the Parties on the Effective Date.
- 3.8 Notwithstanding that the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1, including, without limitation, any resolutions of directors

authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

ARTICLE 4 CERTIFICATES

- 4.1 Recognizing that the Telferscot Shares shall be redeemed and re-designated as Telferscot Class A Shares pursuant to Section 3.1(b)(i) and that the Telferscot Class A Shares shall be exchanged partially for New Shares pursuant to Section 3.1(c), Telferscot shall not issue replacement share certificates representing the Telferscot Class A Shares.
- 4.2 Recognizing that the Distributed SpinCo1 Shares, the Distributed SpinCo2 Shares, the Distributed SpinCo4 Shares, the Distributed SpinCo5 Shares, the Distributed SpinCo6 Shares and the Distributed SpinCo7 Shares shall be transferred to the Telferscot Shareholders as consideration for the redemption of the Telferscot Class A Preferred Shares pursuant to Section 3.1(e), each of SpinCo1, SpinCo2, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall issue one share certificate representing all of the respective Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares registered in the name of Telferscot, which share certificate shall be held by the Depository until the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares are transferred to the Telferscot Shareholders and such certificate shall then be cancelled by the Depository. To facilitate the transfer of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to the Telferscot Shareholders as of the Share Distribution Record Date, Telferscot shall execute and deliver to the Depository and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to such Telferscot Shareholders in accordance with the terms of this Plan of Arrangement and each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the Telferscot Class A Preferred Shares issued to the Telferscot Shareholders pursuant to Section 3.1(c) will be redeemed by Telferscot as consideration for the distribution and transfer of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares under Section 3.1(e), Telferscot shall issue one share certificate representing all of the Telferscot Class A Preferred Shares issued pursuant to Section 3.1(e) in the name of the Depository, to be held by the Depository for the benefit of the Telferscot Shareholders until such Telferscot Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.
- 4.4 As soon as practicable after the Effective Date, each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall cause to be issued to the registered holders of Telferscot Shares as of the Share Distribution Record Date, evidences of ownership representing the respective SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares,

SpinCo6 Shares and SpinCo7 Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such evidence of ownership to be mailed to such registered holders.

- 4.5 From and after the Effective Date, share certificates representing Telferscot Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.
- 4.6 Telferscot Shares traded, if any, after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 or Distributed SpinCo7 Shares.

ARTICLE 5 DISSENTING SHAREHOLDERS

- 5.1 Notwithstanding Section 3.1 hereof, holders of Telferscot Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in section 190 of the CBCA (collectively, the “**Dissent Procedures**”).
- 5.2 Telferscot Shareholders who duly exercise Dissent Rights with respect to their Telferscot Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Telferscot for cancellation immediately before the Effective Date; or
 - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Telferscot Shareholder and shall receive New Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares on the same basis as every other non-dissenting Telferscot Shareholder, and in no case shall Telferscot be required to recognize such person as holding Telferscot Shares on or after the Effective Date.
- 5.3 If a Telferscot Shareholder exercises the Dissent Right, Telferscot shall on the Effective Date set aside and not distribute that portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares that is attributable to the Telferscot Shares for which the Dissent Right has been exercised. If the dissenting Telferscot Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Telferscot shall distribute to such Telferscot Shareholder his, her or its *pro-rata* portion of the respective Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares. If a Telferscot Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Telferscot shall retain the portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares

attributable to such Telferscot Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of Telferscot in its absolute discretion.

ARTICLE 6 AMENDMENTS

- 6.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (i) set out in writing;
 - (ii) filed with the Court and, if made following the Telferscot Meeting, approved by the Court; and
 - (iii) communicated to holders of Telferscot Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares, as the case may be, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Telferscot at any time prior to the Telferscot Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Telferscot Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Telferscot, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Telferscot Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any of the Parties or any former holder of Telferscot Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares or SpinCo7 Shares, as the case may be.

ARTICLE 7 REFERENCE DATE

- 7.1 This plan of arrangement is dated for reference the _____ day of _____, 2018.

SCHEDULE "A" TO THE PLAN OF ARRANGEMENT

SPECIAL RIGHTS AND RESTRICTIONS FOR TELFERSCOT CLASS A PREFERRED SHARES

The class A preferred shares as a class shall have attached to them the following special rights and restrictions:

Definitions

1. In these Special Rights and Restrictions,
 - (a) "**Arrangement**" means the arrangement pursuant to Section 192 of the *Canada Business Corporations Act* as contemplated by the Arrangement Agreement,
 - (b) "**Arrangement Agreement**" means the Arrangement Agreement dated as of February 16, 2018 between Telferscot Resources Inc. (the "**Company**"), 10557404 Canada Corp., 10557501 Canada Corp., 10557510 Canada Corp., 10557536 Canada Corp., 10557544 Canada Corp., 10557633 Canada Corp., and 10617059 Canada Corp.
 - (c) "**Effective Date**" means the date upon which the Arrangement becomes effective,
 - (d) "**New Shares**" means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
 - (e) "**Old Common Shares**" means the common shares in the authorized share structure of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement,
 - (f) "**Plan of Arrangement**" means the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement.
2. The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
3. Class A preferred shares shall only be issued on the exchange of Old Common Shares for New Shares and class A preferred shares pursuant to and in accordance with the Plan of Arrangement.
4. The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with Section 3.1(d) of the Plan of Arrangement.
5. The class A preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
6. Any class A preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.
7. The New Shares shall be identical to the Old Common Shares and shall have the following characteristics:
 - (a) each holder of a New Share shall be entitled to receive notice of and to attend all meetings of shareholders of the Company;

- (b) each holder of a New Share shall be entitled to one vote for each New Share;
- (c) each holder of a New Share shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any class of shares in the capital of the Company having a preference over the New Shares with respect to dividends, to receive dividends if, as and when declared by the board of directors of the Company; and
- (d) the holders of the New Shares are entitled to receive the remaining property of the Company on dissolution.

SCHEDULE “B” TO THE ARRANGEMENT AGREEMENT

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557404 CANADA CORP.

The Letter of Intent dated as of February 5, 2018 between Telferscot Resources Inc. and Bright Mega Capital Corporation.

All commitments to invest up to \$120,000 in cash to fund the operations of SpinCo1

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557501 CANADA CORP.

The Letter of Intent dated as of February 12, 2018 between Telferscot Resources Inc. and Horizon Capital Corp.

All commitments to invest up to \$600,000 in cash to fund the operations of SpinCo2

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557510 CANADA CORP.

The Letter of Intent dated as of October 20, 2017 between Telferscot Resources Inc. and Canada Crypto Exchange Corp.

All commitments to invest up to \$180,000 in cash to fund the operations of SpinCo3

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557536 CANADA CORP.

The Letter of Intent dated as of February 5, 2018 between Telferscot Resources Inc. and My Wine Canada Inc.

All commitments to invest up to \$120,000 in cash to fund the operations of SpinCo4

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557544 CANADA CORP.

The Letter of Intent dated as of August 2, 2017 between Telferscot Resources Inc. and New Cornubia Resources Inc.

All commitments to invest up to \$120,000 in cash to fund the operations of SpinCo5

TELFERSCOT ASSETS TO BE TRANSFERRED TO 1055633 CANADA CORP.

The Memorandum of Understanding dated as of January 5, 2018 between Telferscot Resources Inc. and Enviro Resources Limited.

All commitments to invest up to \$126,000 in cash to fund the operations of SpinCo6

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10617059 CANADA CORP.

All rights to the proceeds of the litigation between Telferscot Resources Inc. and Auxico Resources Canada Inc. together with an assumption of liabilities of approximately \$38,280 relating to the transaction with Auxico Resources Canada Inc.

All commitments to invest up to \$12,000 in cash to fund the operations of SpinCo7

SCHEDULE “C” TO THE ARRANGEMENT AGREEMENT

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN OF
10557404 CANADA CORP.**

“BE IT RESOLVED THAT:

1. The stock option plan of the Corporation, as described in the management information circular of the Corporation dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and

2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.”

SCHEDULE “D” TO THE ARRANGEMENT AGREEMENT

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN OF
10557501 CANADA CORP.**

“BE IT RESOLVED THAT:

1. The stock option plan of the Corporation, as described in the management information circular of the Corporation dated February 21, 2108, be and is hereby ratified and approved for the ensuing year; and

2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.”

SCHEDULE "E" TO THE ARRANGEMENT AGREEMENT

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN OF
10557510 CANADA CORP.**

"BE IT RESOLVED THAT:

1. The stock option plan of the Corporation, as described in the management information circular of the Corporation dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and

2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

SCHEDULE "F" TO THE ARRANGEMENT AGREEMENT

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN OF
10557536 CANADA CORP.**

"BE IT RESOLVED THAT:

1. The stock option plan of the Corporation, as described in the management information circular of the Corporation dated February 21, 2108, be and is hereby ratified and approved for the ensuing year; and

2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

SCHEDULE “G” TO THE ARRANGEMENT AGREEMENT

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN OF
10557544 CANADA CORP.**

“BE IT RESOLVED THAT:

1. The stock option plan of the Corporation, as described in the management information circular of the Corporation dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and

2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.”

SCHEDULE “H” TO THE ARRANGEMENT AGREEMENT

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN OF
10557633 CANADA CORP.**

“BE IT RESOLVED THAT:

1. The stock option plan of the Corporation, as described in the management information circular of the Corporation dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and

2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.”

SCHEDULE "I" TO THE ARRANGEMENT AGREEMENT

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN OF
10617059 CANADA CORP.**

"BE IT RESOLVED THAT:

1. The stock option plan of the Corporation, as described in the management information circular of the Corporation dated February 21, 2018, be and is hereby ratified and approved for the ensuing year; and

2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

AMALGAMATION AGREEMENT
among
CANNTAB THERAPEUTICS LIMITED
and
TELFERSCOT RESOURCES INC.
and
2611780 ONTARIO INC.

Dated as of January 12, 2018

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT (this “**Agreement**”) is made effective as of the 12th day of January, 2018.

AMONG:

CANNTAB THERAPEUTICS LIMITED, a company existing under the laws of the Province of Ontario

(“**Canntab**”)

AND:

TELFERSCOT RESOURCES INC., a company incorporated under the laws of Canada

(“**Telferscot**”)

AND:

2611780 Ontario Inc., a company incorporated under the laws of the Province of Ontario

(“**Newco**”)

WHEREAS:

- A. Telferscot is a public company, with its Telferscot Shares listed on the Canadian Securities Exchange under the symbol “TFS”;
- B. Canntab is a privately held company which has developed a proprietary product being an oral sustained release tablet formulation of cannabinoids;
- C. Newco is a wholly-owned subsidiary of Telferscot;
- D. Telferscot, Canntab and Newco propose a business combination whereby Canntab and Newco will amalgamate under Section 174 of the OBCA on the terms described in this Agreement, and will continue as Amalco, a wholly-owned subsidiary of Telferscot;
- E. Telferscot proposes to issue Post-Consolidation Telferscot Shares to the Canntab Shareholders as hereinafter provided in connection with the Amalgamation;
- F. Following completion of the Amalgamation, Telferscot will carry on, through Amalco, the business presently carried on by Canntab;
- G. Canntab and Newco will each require the approval of their respective shareholders for the Amalgamation and this Agreement pursuant to the requirements of the OBCA;

H. The Transaction will constitute a Fundamental Change and a Change of Business of Telferscot, as such terms are defined in CSE Policy 8 and will require the approval of the Telferscot Shareholders pursuant to such policy;

I. As part of the Transaction, Telferscot will: (i) change its name to “Canntab Therapeutics Limited” or such other name as Canntab may determine in its sole discretion; and (ii) consolidate the Telferscot Shares on the basis of 200 Telferscot Shares for each one Post-Consolidation Telferscot Share, each of which will require the approval of the Telferscot Shareholders pursuant to the requirements of the CBCA;

J. Prior to completion of the Transaction, Telferscot shall complete the Spin Out or, if the interim order of the Superior Court of Justice of Ontario that permits the mailing of the materials to Telferscot shareholders in respect of the Spin Out has not been obtained by the Spin Out Deadline, Telferscot shall not proceed with the Spin Out. The Spin Out also requires the approval of the Telferscot Shareholders pursuant to the requirements of the CBCA;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties (as defined herein), the Parties hereby covenant and agree as follows:

**ARTICLE 1
DEFINITIONS, INTERPRETATION AND SCHEDULES**

1.1 Definitions

In this Agreement including the preamble hereof, unless the context otherwise requires, the following words shall have the following meanings:

“**1933 Act**” means the United States *Securities Act of 1933*;

“**1940 Act**” means the United States *Investment Company Act of 1940*;

“**Affiliate**” shall have the meaning ascribed to such term under the OBCA;

“**Agent**” means First Republic Capital Corporation;

“**Agent Warrants**” means the unit purchase warrants of Canntab held by the Agents, each Agent Warrant being exercisable for one unit consisting of one Canntab Share and one Canntab Warrant exercisable at \$1.00 per Agent Warrant until February 21, 2019;

“**Agreement**” means this amalgamation agreement, together with the schedules attached hereto, as amended, restated or supplemented from time to time;

“**Amalco**” means the company resulting from the amalgamation of Canntab and Newco pursuant to the Amalgamation;

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

“**Amalgamation**” means the amalgamation of Canntab and Newco pursuant to Section 174 of the OBCA on the terms and conditions set forth in this Agreement, subject to any amendment thereto in accordance herewith;

“**Articles of Amalco**” means the articles of Amalco in the form to be mutually agreed to by the Parties, acting reasonably;

“**Articles of Amendment**” means the articles of amendment of Telferscot to be filed with the Registrar after the Telferscot Consolidation Resolution and the Telferscot Change of Name Resolution have been passed, giving effect to the Telferscot Consolidation and the Telferscot Change of Name;

“**AUXICO Litigation**” has the meaning set forth in Section 4.1(e);

“**AUXICO Litigation Assignment and Assumption Agreement**” has the meaning set forth in Section 4.1(e);

“**Business Day**” means a day, other than a Saturday or Sunday, on which the principal commercial banks located in the City of Toronto, Ontario are open for business;

“**Canntab**” has the meaning ascribed thereto on the first page of this Agreement;

“**Canntab Board**” means the board of directors of Canntab;

“**Canntab Financial Statements**” has the meaning ascribed thereto in Section 3.2(l);

“**Canntab Meeting**” means the special meeting of the Canntab Shareholders, and any adjournment or postponement thereof, to be held to approve, among other things, the Canntab Resolution;

“**Canntab Options**” means Canntab’s outstanding options, each Canntab Option being exercisable for one Canntab Share at \$1.00 per share until February 21, 2022;

“**Canntab Resolution**” means the special resolution of the Canntab Shareholders approving the Amalgamation and this Agreement, substantially in the form attached hereto as Schedule B;

“**Canntab Shareholder Approval**” means approval of 66⅔% of the Canntab Shareholders in respect of the Canntab Resolution;

“**Canntab Shareholders**” means, at any time, the holders of Canntab Shares;

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

“**Canntab Warrants**” means the outstanding Canntab Share purchase warrants, each Canntab Warrant being exercisable for one Canntab Share at \$1.00 per share until February 21, 2019;

“**CBCA**” means the *Canada Business Corporations Act*;

“**Certificate of Amalgamation**” means the certificate of amalgamation to be issued by the Director in respect of the Amalgamation in accordance with Section 178(4) of the OBCA;

“**Change of Business**” has the meaning ascribed to it in CSE Policy 8;

“**Claim**” means any claim, demand, complaint, action, proceeding, investigation, suit, cause of action, assessment or reassessment, charge, judgment, order, writ, injunction, decree, debt, liability, expense, cost, damage or loss, contingent or otherwise, judicial, administrative or otherwise (including legal fees on a solicitor and his or her own client basis and other professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding);

“**Completion Deadline**” means the latest date by which the Transaction is to be completed, which date shall be March 29, 2018 or such later date as the Parties may mutually agree;

“**Contract**” means any note, mortgage, indenture, non-governmental permit or license, franchise, lease or other contract, agreement, commitment or arrangement binding upon Telferscot or Canntab, as the case may be;

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

“**Depository**” means any trust company, bank or financial institution agreed to in writing between Telferscot and Canntab for the purpose of, among other things, exchanging certificates representing Canntab Shares for certificates representing Telferscot Shares relating to the Amalgamation;

“**Directed Selling Efforts**” has the meaning ascribed thereto in Regulation S;

“**Director**” means the director appointed under Section 278 of the OBCA;

“**Dissent Rights**” means the rights of dissent of Canntab Shareholders in respect of the Canntab Resolution under Section 185 of the OBCA;

“**Dissenting Shareholder**” means a Canntab Shareholder who exercises Dissent Rights in connection with the Canntab Resolution and complied with the dissent provisions in the OBCA;

“**Effective Date**” means the date shown on the Certificate of Amalgamation;

“**Effective Time**” means the earliest moment on the Effective Date or such other time on the Effective Date as the Parties may agree in writing;

“**Encumbrance**” means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

“**Environmental Approvals**” means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Laws;

“**Environmental Laws**” means all applicable Laws, including applicable common law, relating to the protection of the environment and employee and public health and safety, and includes Environmental Approvals;

“**Exchange Agreements**” means the agreements to be entered into by Canntab and each of the holders of Canntab Options, Canntab Warrants and Agent Warrants, in form satisfactory to Telferscot, acting reasonably, pursuant to which holders of Canntab Options, Canntab Warrants, Agent Warrants and Subscription Receipts, as applicable, agree to: (a) be bound by the steps outlined in Section 2.2; and (b) surrender effectively immediately before the Effective Date all Canntab Options, Canntab Warrants and Agent Warrants for cancellation in exchange for equivalent securities of Telferscot;

“**Exchange Ratio**” means Four Post-Consolidation Telferscot Share for each Canntab Share;

“**Financing**” means the private placement financing of Subscription Receipts at a minimum price of \$4.00 per Subscription Receipt for gross proceeds of a minimum of \$5,000,000 or such to be carried on by Canntab where each Subscription Receipt will be exchanged for one Canntab Share immediately prior to the completion of the Amalgamation;

“**Fundamental Change**” has the meaning ascribed to it in the CSE Policy 8;

“**Governmental Entity**” means any applicable:

- (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;
- (b) subdivision, agent, commission, board or authority of any of the foregoing;

- (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or
- (d) stock exchange, including the CSE;

“IFRS” means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, as amended from time to time;

“Information Circular” means the joint information circular, and any amendments thereto, to be provided to the Telferscot Shareholders in respect of the Telferscot Resolutions and the Canntab Shareholders in respect of the Canntab Resolution, and such other matters to be considered at the Telferscot Meeting and the Canntab Meeting, respectively, prepared in accordance with the requirements of the CSE and Form 51-102F5 *Information Circular* which will require prospectus level disclosure with respect to Canntab;

“Intellectual Property” means any and all intellectual property (whether foreign or domestic, registered or unregistered) owned by Canntab or used in the operation, conduct or maintenance of Canntab’s business, as it is currently and has historically been operated, conducted or maintained, including, without limitation, (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), and all patents, patent applications and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (b) all trade-marks, trade-names, trade dress, logos, business names, corporate names, domain names, uniform resource locators (URL’s) and the internet websites related thereto, and including all goodwill associated therewith and all applications, registrations and renewals in connection therewith; (c) all copyrightable works, all copyrights and all applications, registrations and renewals in connection therewith; (d) all industrial designs and all applications, registrations and renewals in connection therewith; (e) all proprietary, technical or confidential information, including all trade secrets, processes, procedures, know-how, show-how, formulae, methods, data, compilations, databases and the information contained therein, together with all business and financial information relating to Canntab; and (f) all computer software (including all source code, object code and related documentation), together with: (i) all copies and tangible embodiments of the foregoing (in whatever form or medium); (ii) all improvements, modifications, translations, adaptations, refinements, derivations and combinations thereof; and (iii) all Intellectual Property Rights related thereto;

“Intellectual Property Rights” means any right or protection existing from time to time in a specific jurisdiction, whether registered or not, under any patent law or other invention or discovery law, copyright law, performance or moral rights law, trade-secret law, confidential information law, trade-mark law, trade-name law, unfair competition law or other similar laws and includes legislation by competent governmental authorities and judicial decisions under common law or equity;

“Laws” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority, and the term “applicable” with respect to such Laws and in the

context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities;

“**LOI**” means the non-binding letter of intent dated November 23, 2017 between Canntab and Telferscot, as amended;

“**Mailing Date**” means the date that the Information Circular is mailed to the Telferscot Shareholders and the Canntab Shareholders;

“**Material Adverse Change**” means any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or would reasonably be expected to have, a Material Adverse Effect on Telferscot or Canntab, as applicable, on a consolidated basis;

“**Material Adverse Effect**” means any change, effect, event, occurrence or state of facts that, individually or in the aggregate, with other such changes, effects, events, occurrences or states of facts, is or would reasonably be expected to be material and adverse to the business, properties, operations, results of operations or financial condition of Telferscot or Canntab on a consolidated basis, except any change, effect, event, occurrence or state of facts resulting from or relating to:

- (a) the announcement of the execution of this Agreement or any transactions contemplated herein, or communication by the applicable Party of its plans or intentions with respect to the other Party and/or any of its subsidiaries;
- (b) changes in the United States and Canadian economies in general or the United States and Canadian capital or currency markets in general;
- (c) the threat, commencement, occurrence or continuation of any war, armed hostilities, acts of environmental groups, civil strife, or acts of terrorism;
- (d) any change in applicable Laws or in the interpretation thereof by any Governmental Entity;
- (e) any change in IFRS;
- (f) any natural disaster;
- (g) any change relating to foreign currency exchange rates; or
- (h) changes affecting the Party’s industry generally,

provided that, in the case of any changes referred to in clauses (b) to (h) above, such changes do not have a materially disproportionate effect on the applicable Party relative to comparable companies;

“**Material Contracts**” means all Contracts or other obligations or rights (and all amendments, modifications, side letters and supplements thereto to which Telferscot or Canntab, as applicable, is a party, affecting the obligations of any party thereunder) to which Telferscot or

Canntab, as applicable, is a party or by which any of their respective properties or assets are bound that are material to the business, properties or assets of Telferscot or Canntab taken, as applicable, as a whole, including to the extent any of the following are material to the business, properties or assets of Telferscot or Canntab, as applicable, taken as a whole, all:

- (a) employment, severance, personal services, consulting, non-competition or indemnification contracts (including any Contract involving employees);
- (b) Contracts granting a right of first refusal or first negotiation;
- (c) partnership or joint venture agreements;
- (d) Contracts for the acquisition, sale or lease of material properties or assets, by purchase or sale of assets or shares or otherwise;
- (e) Contracts with any Governmental Entity;
- (f) loan or credit agreements, mortgages, indentures or other Contracts or instruments evidencing indebtedness for borrowed money by Telferscot or Canntab, as the case may be, or any such agreement pursuant to which indebtedness for borrowed money may be incurred;
- (g) Contracts that purport to limit, curtail or restrict the ability of Telferscot or Canntab, as the case may be, to compete in any geographic area or line of business;
- (h) commitments and agreements to enter into any of the foregoing; and
- (i) all Contracts that provide for annual payments to or from Telferscot or Canntab, as the case may be, in excess of \$25,000 per annum;

“**Newco**” has the meaning ascribed thereto on the first page of this Agreement;

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

“**OBCA**” means the *Business Corporations Act* (Ontario);

“**Party**” means, as the context requires, either Canntab, Telferscot or Newco, and “**Parties**” means two or more of them, as applicable;

“**Person**” means any individual, firm, partnership, joint venture, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

Post-Consolidation Telferscot Shares means the common shares of Telferscot following the completion of the Telferscot Consolidation;

“**Regulation D**” means Regulation D adopted by the SEC under the 1933 Act;

“**Regulation S**” means Regulation S adopted by the SEC under the 1933 Act;

“**SEC**” means the United States Securities and Exchange Commission;

“Securities Authorities” means the securities commissions and/or other securities regulatory authorities in the provinces and territories of Canada, and any stock exchanges or other self-regulatory agencies having authority over Telferscot and Canntab, including the CSE;

“SEDAR” means the Canadian System for Electronic Document Analysis and Retrieval;

“Spin Out” means the transaction to be carried out by Telferscot described in Schedule C attached hereto whereby Telferscot shall, among other things, spin out the Auxico Litigation into a new company (“Auxico Spinco”) by way of a plan of arrangement under section 192 of the CBCA;

“Spin Out Deadline” means February 9, 2018, which may be extended by either party to no later than February 23, 2018;

“Subscription Receipts” means the subscription receipts for Canntab Shares, each such Subscription Receipt being exercisable to receive one Canntab Share and such other securities, as may be agreed by Telferscot, for no additional consideration and evidencing rights provided in the Subscription Receipt Agreement in respect of the Subscription Receipts;

“Subscription Receipt Agreement” means the agreement to be entered into between Canntab, the Agents and the escrow agent governing the terms of the Subscription Receipts;

“Substantial U.S. Market Interest” means substantial U.S. market interest as that term is defined in Regulation S;

“Tax” and **“Taxes”** means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan contributions, excise, severance, social security, workers’ compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

“Tax Act” means the *Income Tax Act* (Canada);

“Tax Returns” means all returns, schedules, elections, declarations, reports, information returns, notices, forms, statements and other documents made, prepared or filed with any taxing authority or required to be made, prepared or filed with any taxing authority relating to Taxes;

“Telferscot” has the meaning ascribed thereto on the first page of this Agreement;

“Telferscot Ancillary Resolutions” means the ordinary resolutions of the Telferscot Shareholders authorizing the election of directors and the other ancillary matters, substantially in the form set forth in Schedule A;

“Telferscot Board” means the board of directors of Telferscot;

“Telferscot Change of Name” means the change of name of Telferscot to “Canntab Therapeutics Limited”;

“Telferscot Change of Name Resolution” means the special resolution of the Telferscot Shareholders authorizing the Telferscot Change of Name, substantially in the form set forth in Schedule A;

“Telferscot Consolidation” means the consolidation of the outstanding Telferscot Shares on the basis of 200 Telferscot Shares for each 1 Post-Consolidated Telferscot Share;

“Telferscot Consolidation Resolution” means the special resolution of the Telferscot Shareholders authorizing the Telferscot Consolidation;

“Telferscot Financial Statements” has the meaning ascribed thereto in Section 3.1(k) of this Agreement;

“Telferscot Meeting” means the annual and special meeting of the Telferscot Shareholders, and any adjournments or postponements thereof, to be held to approve, among other things, the Telferscot Resolutions;

“Telferscot Options” means Telferscot’s 10,150,000 outstanding options, each Telferscot Option being exercisable for one Telferscot Share at \$0.00714 until October 5, 2021;

“Telferscot Public Documents” means the public documents filed by Telferscot on SEDAR under Telferscot’s SEDAR profile;

“Telferscot Resolutions” means together, the Telferscot Consolidation Resolution, the Telferscot Change of Name Resolution, the Telferscot Ancillary Resolutions and the Telferscot RTO Resolution, substantially in the forms attached hereto as Schedule A;

“Telferscot RTO Resolution” means the ordinary resolution of the Telferscot Shareholders approving the Amalgamation and this Agreement, substantially in the form set forth in Schedule A;

“Telferscot Shareholder Approval” means the approval of the Telferscot Shareholders in respect of the Telferscot Resolutions;

“Telferscot Shareholders” means, at any time, the holders of outstanding Telferscot Shares;

“Telferscot Shares” means the authorized common shares in the capital of Telferscot following the completion of the Spin Out;

“Transaction” means the Amalgamation and all related transactions incidental thereto as contemplated by this Agreement, which are collectively intended to constitute a Fundamental Change and Change of Business of Telferscot in accordance with CSE policies;

“United States” or **“U.S.”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

In addition, words and phrases used herein and defined in the OBCA shall have the same meaning herein as in the OBCA unless the context otherwise requires.

1.2 Headings, etc.

- (a) The preamble forms an integral part hereof and is not mere recitals.
- (b) The division of this Agreement into articles, sections and subsections and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

1.3 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder by any Party is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency

Unless otherwise stated, all references in this Agreement to dollar amounts are expressed in Canadian currency.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Laws, the Parties waive any provision of Law that renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect. The Parties will engage in good faith negotiations to replace any provision hereof or any part thereof that is declared invalid or unenforceable with a valid and enforceable provision or part thereof,

the economic effect of which approximates as much as possible the invalid or unenforceable provision or part thereof that it replaces.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under, and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with, IFRS.

1.9 Knowledge

Where the phrase “to the knowledge of” is used in respect of any Party, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the actual knowledge of management of such Party after appropriate inquiries and investigations.

1.10 Meaning of “Ordinary and Regular Course of Business”

In this Agreement the phrase “in the ordinary and regular course of business” shall mean and refer to those activities that are normally conducted by corporations engaged in the businesses of Canntab or Telferscot, as applicable.

1.11 Schedules

The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

- Schedule A – Forms of Telferscot Resolutions
- Schedule B – Form of Canntab Resolution
- Schedule C – Summary of the Spin Out

ARTICLE 2 THE AMALGAMATION

2.1 Terms of Amalgamation

Telferscot, Newco and Canntab hereby covenant and agree to implement the Transaction in accordance with the terms and subject to the conditions of this Agreement, as follows:

- (a) as soon as reasonably practicable following the execution and delivery of this Agreement: (i) Telferscot shall call and hold the Telferscot Meeting for the purpose of approving the Telferscot Resolutions and the Spin Out; (ii) Canntab shall call and hold the Canntab Meeting for the purpose of approving the Canntab Resolution; and (iii) Telferscot and Canntab shall jointly prepare and mail the Information Circular to the Telferscot Shareholders and the Canntab Shareholders;
- (b) following approval of the Canntab Resolution by the Canntab Shareholders and the approval of the Telferscot Resolutions by the Telferscot Shareholders, and prior to the filing of the Articles of Amalco in accordance with Section 2.1(c)), Telferscot shall complete and file Articles of Amendment, in the prescribed form, giving effect to the

Telferscot Consolidation and the Telferscot Change of Name upon and subject to the terms of this Agreement;

- (c) following approval of the Canntab Resolution by the Canntab Shareholders and the Telferscot Resolutions by the Telferscot Shareholders, in accordance with the requirements of the OBCA and CBCA, as applicable, Newco and Canntab shall jointly complete and file the Articles of Amalgamation, in duplicate, substantially in the form agreed to by the Parties, acting reasonably, with the Director, together with such other documents as may be required under the OBCA, giving effect to the Amalgamation;
- (d) at the Effective Time, Newco and Canntab shall amalgamate and continue as one company, being Amalco, pursuant to the provisions of Section 174 of the OBCA;
- (e) at the Effective Time:
 - (i) all of the Canntab Shares outstanding immediately prior to the Effective Time (except for Canntab Shares held by Dissenting Shareholders) shall be cancelled, and holders of Canntab Shares outstanding immediately prior to the Effective Time shall receive, subject to subsection 2.1(h) hereof, in exchange for their Canntab Shares so cancelled, that number of Post-Consolidation Telferscot Shares equal to the product of:
 - (A) the number of Canntab Shares so cancelled; and
 - (B) the Exchange Ratio,
 - (ii) neither Canntab nor Newco shall receive any repayment of capital in respect of any Canntab Shares held by them that are cancelled pursuant to this subsection 2.1(e);
 - (iii) all of the common shares of Newco outstanding immediately prior to the Effective Time shall be cancelled and replaced with an equal number of common shares of Amalco issued by Amalco; and
 - (iv) as consideration for the issuance of Post-Consolidation Telferscot Shares pursuant to the Amalgamation, Amalco shall issue to Telferscot one common share of Amalco for each Post-Consolidation Telferscot Share issued;
- (f) Canntab Shares which are held by a Dissenting Shareholder shall not be exchanged for Telferscot Shares. However, if a Dissenting Shareholder fails to perfect or effectively withdraws its claim for Dissent Rights under the OBCA or forfeits its right to make a claim under the OBCA, or if its rights as a shareholder of Canntab are otherwise reinstated, such Canntab Shares shall be deemed to have been exchanged as of the Effective Date for Post-Consolidation Telferscot Shares as prescribed in Section 2.1(e);
- (g) as a result of the foregoing:
 - (i) in accordance with Section 179 of the OBCA, among other things, the property, rights, privileges and franchises of each of Canntab and Newco will continue to be the property, rights, privileges and franchises of Amalco, and Amalco will continue to be liable for the obligations of each of Canntab and Newco; and

- (ii) Amalco will be a wholly-owned subsidiary of Telferscot;
- (h) no fractional Post-Consolidation Telferscot Shares will be issued under the Amalgamation. Where the aggregate number of Telferscot Shares to be issued to any former Canntab Shareholders under the Amalgamation would result in a fraction of an Telferscot Share being issuable, the number of Post-Consolidation Telferscot Shares to be issued to such holder shall be rounded down to the next whole number, and no cash or other consideration shall be paid or payable in lieu of such fraction of a Post-Consolidation Telferscot Share;
- (i) the by-laws of Amalco shall be the by-laws of Newco and may be viewed at the registered office set forth in Section 2.7 hereof;
- (j) the Post-Consolidation Telferscot Shares to be delivered pursuant to the Amalgamation shall have been deposited with the Depositary together with an irrevocable direction authorizing and directing the Depositary to deliver Telferscot Shares pursuant to the Amalgamation, to the Canntab Shareholders who are entitled to receive such consideration in accordance with Section 2.1(e)(i) and upon completion of the Amalgamation.

2.2 Outstanding Canntab Options, Canntab Warrants and Agent Warrants

At the Effective Time:

- (a) each Canntab Warrant which is outstanding prior to the Effective Time shall be cancelled and its holder shall receive in exchange therefor four Post-Consolidation Telferscot Share purchase warrants, having the same terms and conditions, including the term to expiry, conditions to and manner of exercise, as the Canntab Warrant for which it was exchanged, subject to an adjustment to the exercise price based on the Exchange Ratio;
- (b) each Agent Warrant which is outstanding prior to the Effective Time shall be cancelled and its holder shall receive in exchange therefor four unit purchase warrants of Telferscot having the same terms and conditions, including the term to expiry, conditions to and manner of exercise, as the Agent Warrant for which it was exchanged, subject to an adjustment to the exercise price based on the Exchange Ratio; and
- (c) each Canntab Option which is outstanding prior to the Effective Time shall be cancelled and in its place its holder shall receive in exchange therefor four Post-Consolidation Telferscot Share purchase options, having the same terms and conditions as the cancelled Canntab Options, including the term to expiry, vesting conditions and manner of exercising, subject to an adjustment to the exercise price based on the Exchange Ratio.

2.3 Effective Date

The Amalgamation shall be completed on the Effective Date and shall be effective at the Effective Time.

2.4 Closing

Unless this Agreement is terminated pursuant to the provisions hereof, Canntab, Newco and Telferscot shall meet at the offices of Garfinkle Biderman LLP, 1 Adelaide Street East, Suite 801, Toronto, Ontario at 10:00 a.m., Toronto time, on the Business Day prior to the Effective Date, or at such other time, date or place as they may mutually agree upon, and each of them shall deliver to the other Parties:

- (a) the documents required or contemplated to be delivered by it hereunder in order to complete, or necessary or reasonably requested to be delivered by it by the other Parties in order to effect, the Transaction, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the Amalgamation becoming effective; and
- (b) written confirmation as to the satisfaction or waiver of all of the conditions in its favour contained in Article 5 hereof, as applicable.

2.5 Effecting the Amalgamation

Subject to the rights of termination contained in Article 6, upon both the Telferscot Shareholder Approval and the Canntab Shareholder Approval being obtained, and the other conditions contained in Article 5 being complied with or waived, Canntab and Newco shall file with the Director the Articles of Amalco, the statements of each of Canntab and Newco prescribed under Section 178(2) of the OBCA and such other documents as may be required in order to effect the Amalgamation, within two Business Days, or such other date as the Parties may agree, of the later of the Telferscot Shareholder Approval or the Canntab Shareholder Approval, as applicable, being obtained.

2.6 Name of Amalco

The Parties agree that the name of Amalco shall be "Canntab Therapeutics Subsidiary Limited".

2.7 Registered Office of Amalco

The Parties agree that the address of the registered and records office of Amalco shall be 223 Riviera Drive, Markham, Ontario, L3R 5J6.

2.8 Authorized Capital of Amalco

The Parties agree that Amalco shall be authorized to issue an unlimited number of common shares (being the Amalco Shares) and an unlimited number of preferred shares. At the Effective Time, the capital account in the records of Amalco for the Amalco Shares shall be equal to the capital attributed to the Canntab Shares (other than any Canntab Shares held by Telferscot or Newco) and the Newco Shares.

2.9 Initial Directors of Amalco

The Parties agree that the first directors of Amalco shall be Richard Goldstein, Barry Polisuk, Jeffrey Renwick, Vitor Fonseca and Sheldon Inwentash.

2.10 Articles of Amalco

The Parties agree that the Articles of Amalco shall be signed by one (1) director of Amalco referred to in Section 2.9 hereof.

2.11 Treatment of Restricted Securities under the U.S. Securities Act

The Parties agree that the Post-Consolidation Telferscot Shares issued to the former Canntab Shareholders resident in or subject to the laws of the United States in connection with the Transaction will be “restricted securities” within the meaning of Rule 144 of the 1933 Act. Each certificate representing the Post-Consolidation Telferscot Shares issued to holders resident in or subject to the laws of the United States will bear a legend in substantially the form that follows:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”) OR UNDER ANY STATE SECURITIES LAWS AND ARE “RESTRICTED SECURITIES” AS THAT TERM IS DEFINED IN RULE 144 UNDER THE 1933 ACT. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF [CANNTAB THERAPEUTICS LIMITED] (THE “ISSUER”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE 1933 ACT AND IN COMPLIANCE WITH APPLICABLE UNITED STATES STATE LAWS AND REGULATIONS AND APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE 1933 ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE ISSUER AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER TO SUCH EFFECT.”

Canntab agrees that it will obtain from each Canntab Shareholder resident in the United States a certificate that such shareholder is an “accredited investor” as such term is defined in Regulation D.

2.12 Consultation

Canntab and Telferscot will consult with each other in issuing any press release or otherwise making any public statement with respect to this Agreement or the Transaction and in making any filing with any Governmental Entity or Securities Authority with respect thereto. Each of Canntab and Telferscot shall use its commercially reasonable efforts to enable the other of them to review and comment on all such press releases and filings prior to the release or filing, respectively, thereof, provided, however, that the obligations herein will not prevent a Party from making, after consultation with the other Party, such disclosure as is required by applicable Laws or the rules and policies of any applicable stock exchange.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Telferscot

Telferscot hereby represents and warrants to Canntab and hereby acknowledges that Canntab is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Transaction, as follows:

- (a) Organization. Telferscot has been incorporated and validly exists under the laws of the jurisdiction of its incorporation and is in good standing under applicable corporate laws and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted. Telferscot is registered, licensed or otherwise qualified as a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Telferscot.

Capitalization. Telferscot is authorized to issue an unlimited number of Telferscot Shares and an unlimited number of first preferred shares of which 114,856,961 Telferscot Shares and nil first preferred shares are issued and outstanding, prior to giving effect to the Transaction and the Telferscot Consolidation. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Telferscot to issue or sell any Telferscot Shares or any securities or obligations of any kind convertible into or exercisable or exchangeable for any Telferscot Shares other than the Telferscot Options, any securities required to be issued to effect the Spin Out which will be cancelled prior to the Amalgamation and as otherwise contemplated herein. All outstanding Telferscot Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Telferscot. There are no outstanding contractual obligations of Telferscot to repurchase, redeem or otherwise acquire any outstanding Telferscot Shares or with respect to the voting or disposition of any outstanding Telferscot Shares.

- (b) Subsidiaries. Telferscot has no subsidiaries (other than Newco) and other than is necessary to effect the Spin Out which entities will cease to be subsidiaries on the completion of the Spin Out and does not hold any shares or securities of any other entity and is not affiliated with, nor is it a holding corporation of, any other body corporate nor is Telferscot a partner in any partnership. Newco was formed solely for the purposes of effecting the Amalgamation and has never conducted any business activities.

- (c) Authority and Conflict. Telferscot has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Telferscot as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Telferscot and the completion by Telferscot of the transactions contemplated hereby have been authorized by the Telferscot Board and, subject to obtaining the Telferscot Shareholder Approval in the manner contemplated herein, no other corporate proceedings on the part of Telferscot are

necessary to authorize this Agreement or the completion by Telferscot of the transactions contemplated hereby other than the filing of the Articles of Amendment and the filing of the Articles of Amalco with the Director. This Agreement has been executed and delivered by Telferscot and constitutes a legal, valid and binding obligation of Telferscot, enforceable against Telferscot in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Telferscot of this Agreement and the performance by Telferscot of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (i) result in a violation, contravention or breach or constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the articles of incorporation and by-laws of Telferscot;
 - (B) any applicable Law or rule or policy of the CSE (except that the approval of the CSE, which is required for the completion by Telferscot of the transactions contemplated hereby, will be applied for by Telferscot but has not been obtained as of the date hereof); or
 - (C) any Contract to which Telferscot is bound or is subject to or of which Telferscot is the beneficiary,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Telferscot;

- (ii) cause any indebtedness owing by Telferscot to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Telferscot;
- (iii) result in the imposition of any Encumbrance upon any of the property or assets of Telferscot or give any Person the right to acquire any of Telferscot's assets, or restrict, hinder, impair or limit the ability of Telferscot to conduct the business of Telferscot as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Telferscot;
- (iv) result in or accelerate the time for payment or vesting of, or increase the amount of any severance, unemployment compensation, "golden parachute", change of control provision, bonus, termination payments, retention bonus or otherwise, becoming due to any director or officer of Telferscot or increase any benefits otherwise payable under any pension or benefits plan of Telferscot or result in the acceleration of the time of payment or vesting of any such benefits; or
- (v) result in the revocation, suspension, cancellation, variation or non-renewal of any claims, concessions, licenses, leases or other instruments, conferring rights in respect of the Telferscot Assets.

- (d) Consents and Approvals. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by Telferscot in connection with the execution and delivery of this Agreement or the consummation by Telferscot of the transactions contemplated hereby other than:
- (i) the Telferscot Shareholder Approval;
 - (ii) filings required under the CBCA and the OBCA;
 - (iii) filings with and approvals required by the Securities Authorities; and
 - (iv) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Telferscot.
- (e) Directors' Approvals. The Telferscot Board has unanimously:
- (i) determined that the Transaction is in the best interests of Telferscot;
 - (ii) determined to recommend that the Telferscot Shareholders vote in favour of the Telferscot Resolutions; and
 - (iii) authorized the entering into of this Agreement, and the performance of Telferscot's obligations hereunder.
- (f) Contracts. Each of the Material Contracts to which Telferscot is a party constitutes a valid and legally binding obligation of Telferscot, as applicable, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).
- (g) Waivers and Consents. There are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of Telferscot.
- (h) No Defaults. Telferscot is not in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Telferscot under, any Contract or other instrument that is material to the conduct of the business of Telferscot to which either of them is a party or by which either of them is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on Telferscot. No party to any Contract of Telferscot has given written notice to Telferscot of, or made a Claim against Telferscot with respect to, any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on Telferscot.
- (i) Absence of Changes. Except as disclosed in the Telferscot Public Documents, since Sept. 30, 2017:
- (i) Telferscot has conducted its business only in the ordinary and regular course of business consistent with past practice;

- (ii) Telferscot has not incurred or suffered a Material Adverse Change;
 - (iii) other than the proposed transactions contemplated by the Spin Out and in Section 4.1(e), there has not been any acquisition or sale by Telferscot of any material property or assets thereof;
 - (iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Telferscot of any debt for borrowed money, any creation or assumption by Telferscot of any Encumbrance, any making by Telferscot of any loan, advance or capital contribution to, or investment in, any other Person, or any entering into, amendment of, relinquishment, termination or non-renewal by Telferscot of any Contract or other right or obligation that would, individually or in the aggregate, have a Material Adverse Effect on Telferscot;
 - (v) Telferscot has not declared or paid any dividends or made any other distribution in respect of any of the Telferscot Shares;
 - (vi) other than the proposed Telferscot Consolidation and as required to effect the Spin Out, Telferscot has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Telferscot Shares;
 - (vii) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable by Telferscot to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay, or any increase or modification of any bonus, pension, insurance or benefit arrangement made to, for or with any of such directors, officers, employees or consultants;
 - (viii) Telferscot has not effected any material change in its accounting methods, principles or practices, other than as disclosed in the Telferscot Financial Statements; and
 - (ix) Telferscot has not adopted or amended any collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan or shareholder rights plan.
- (j) Employment Agreements. Telferscot:
- (i) is not a party to any written or oral policy, agreement, obligation or understanding providing for retention bonuses, severance or termination payments to, or any employment or consulting agreement with, any director or officer of Telferscot that would be triggered by Telferscot's entering into this Agreement or the completion of the Transaction;
 - (ii) has no employees or consultants whose employment or contract with Telferscot cannot be terminated by Telferscot in accordance with the provisions of such employment or consultant contract following the completion of the Amalgamation;
 - (iii) is not a party to any collective bargaining agreement;

- (iv) is not, to the knowledge of Telferscot, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement; or
 - (v) is not subject to any current, or, to the knowledge of Telferscot, pending or threatened strike or lockout.
- (k) Financial Matters. Each of the audited annual comparative financial statements of Telferscot for the years ended December 31, 2016 and 2015, the unaudited financial statements of Telferscot for the three and nine month periods ended September 30, 2017 and the respective notes thereto (collectively, the “**Telferscot Financial Statements**”) were prepared in accordance with IFRS consistently applied, and fairly present in all material respects the financial condition of Telferscot at the respective dates indicated and the results of operations of Telferscot for the periods covered. Except as disclosed in the Telferscot Financial Statements, as of the date hereof, Telferscot does not have any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or production program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, or any related party transactions or off-balance sheet transactions not reflected in the Telferscot Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business (including the business of operating, developing, constructing and exploring Telferscot’s projects) since September 30, 2017, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on Telferscot.
- (l) Books and Records. The corporate records and minute books of Telferscot have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on Telferscot. Financial books and records and accounts of Telferscot in all material respects:
- (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
 - (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of Telferscot; and
 - (iii) accurately and fairly reflect the basis for the Telferscot Financial Statements.
- (m) Litigation. Except for the AUXICO Litigation, there is no Claim pending or in progress or, to the knowledge of Telferscot, threatened against or relating to Telferscot, or affecting any of its properties or assets, before any Governmental Entity which, individually or in the aggregate, has had, or could reasonably be expected to have, a Material Adverse Effect on Telferscot, and Telferscot is not aware of any existing ground on which any such Claim might be commenced with any reasonable likelihood of success. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Telferscot, threatened against or relating to Telferscot before any Governmental Entity. Neither Telferscot nor any of its properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of Telferscot to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would

materially impede the consummation of the transactions contemplated by this Agreement, except to the extent any such matter would not, individually or in the aggregate, have a Material Adverse Effect on Telferscot.

- (n) Expropriation. No property or asset of Telferscot has been taken or expropriated by any Governmental Entity and no notice or proceeding in respect of any such expropriation has been given or commenced or, to the knowledge of Telferscot, is there any intent or proposal to give any such notice or commence any such proceeding.
- (o) Assets. Telferscot has good and marketable title to its assets free and clear of any Encumbrances.
- (p) Insurance. Telferscot maintains policies of insurance naming Telferscot as insured in amounts and in respect of such risks as are normal and usual for companies of a similar size and business and such policies are in full force and effect as of the date hereof and shall not be cancelled or otherwise terminated as a result of the Transaction.
- (q) Environmental. To the knowledge of Telferscot:
 - (i) Telferscot is in compliance in all material respects with Environmental Laws;
 - (ii) Telferscot has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes which have not been rectified or are in the process of being rectified on any of the real property owned or leased by Telferscot or under its control;
 - (iv) there have been no releases, deposits or discharges, in violation of Environmental Laws, of any hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Telferscot;
 - (v) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Telferscot;
 - (vi) Telferscot has not failed to report to the proper Governmental Entity the occurrence of any event which is required to be so reported by any Environmental Laws; and
 - (vii) there is no Claim pending or in progress or, threatened against or relating to Telferscot, which may affect Telferscot or any of the properties or assets of Telferscot relating to or alleging any violation of Environmental Laws.
- (r) Tax Matters. Except as has been disclosed by Telferscot to Canntab in writing or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Telferscot:

- (i) Telferscot has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Entity, and has, in all material respects, completely and correctly reported all income and all other amounts or information required to be reported thereon;
 - (ii) Telferscot has:
 - (A) duly and timely paid all Taxes due and payable by it including all property, production, severance and similar taxes and assessments based on, or measured by, the ownership of the petroleum and natural gas interest of Telferscot or the production of petroleum substances from the petroleum and natural gas interest of Telferscot, or the receipt of proceeds from them;
 - (B) duly and timely withheld all Taxes and other amounts required by applicable Laws to be withheld by it, and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by applicable Laws to be remitted by it; and
 - (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by applicable Laws to be collected by it, and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by applicable Laws to be remitted by it;
 - (iii) the charges, accruals and reserves for Taxes reflected on the Telferscot Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are, in the opinion of Telferscot, adequate under IFRS to cover Taxes with respect to Telferscot accruing through the date hereof;
 - (iv) there are no Claims now pending or, to the knowledge of Telferscot, threatened against Telferscot that propose to assess Taxes in addition to those reported in the Tax Returns; and
 - (v) no waiver of any statutory limitation period with respect to Taxes has been given or requested with respect to Telferscot.
- (s) Pension and Employee Benefits. Telferscot has complied, in all material respects, with all of the terms of the pension and other employee compensation and benefit obligations of Telferscot, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Telferscot other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Telferscot.
- (t) Reporting Status. Telferscot is a reporting issuer in good standing in the provinces of British Columbia , Alberta, Manitoba and Ontario. The Telferscot Shares are listed on

the CSE and Telferscot is in material compliance with the rules and regulations of the CSE.

(u) Reports.

(i) To the knowledge of Telferscot, Telferscot has filed with the Securities Authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it, including the Telferscot Public Documents.

(ii) Telferscot has not filed any confidential material change or other report or other document with any Securities Authorities which at the date hereof remains confidential.

(iii) Each of the Telferscot Public Documents, at the time filed or, if amended, as of the date of such amendment:

(A) did not contain any misrepresentation (as defined in the *Securities Act* (Ontario)) and did not contain any untrue statement of any material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

(B) complied in all material respects with the requirements of applicable securities Laws and the rules, policies and instruments of all Securities Authorities, except where such non-compliance has not had, or would not reasonably be expected to have, a Material Adverse Effect on Telferscot.

(v) No Cease Trade. Telferscot is not subject to any cease trade or other order of any applicable Securities Authority and, to the knowledge of Telferscot, no investigation or other proceedings involving Telferscot that may operate to prevent or restrict trading of any securities of Telferscot are currently in progress or pending before any applicable Securities Authority.

(w) Compliance with Laws. Telferscot has complied with and is not in violation of any applicable Laws, other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Telferscot.

(x) No Option on Assets. No Person has any agreement or option, or any right or privilege capable of becoming an agreement or option, for the purchase from Telferscot of any of the material assets of Telferscot.

(y) Certain Contracts. Telferscot is not a party to or bound by any non-competition Contract or any other Contract, obligation, judgment, injunction, order or decree that purports to:

(i) limit the manner or the localities in which all or any material portion of the business of Telferscot are conducted;

(ii) limit any business practice of Telferscot in any material respect; or

- (iii) restrict any acquisition or disposition of any property or assets by Telferscot in any material respect.
- (z) No Broker's Commission. Telferscot has not entered into any Contract that would entitle any Person to any valid claim against it for a broker's commission, finder's fee or any like payment in respect of the Transaction or any other matter contemplated by this Agreement.
- (aa) Vote Required. The only votes of the holders of any class or series of securities of Telferscot necessary to approve this Agreement, the Transaction and the transactions contemplated hereby is the Telferscot Shareholder Approval.
- (bb) U.S. Securities Law Matters.
 - (i) Telferscot is a "foreign issuer" within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest in the Telferscot Shares.
 - (ii) Telferscot is not now, and is not registered, or required to be registered, as an "investment company" as defined in the 1940 Act.
 - (iii) Except with respect to offers and sales to Accredited Investors who are in the United States in reliance upon the exemption from the registration requirements of the 1933 Act provided by Rule 506 of Regulation D thereunder, neither Telferscot nor any of its affiliates, nor any person acting on its or their behalf, has made or will make:
 - (A) any offer to sell, or any solicitation of an offer to buy, any Telferscot Shares to any person in the United States; or
 - (B) any sale of Telferscot Shares unless, at the time the buy order was or will have been originated, the purchaser is (I) outside the United States or (II) Telferscot, its affiliates, and any person acting on their behalf reasonably believe that the purchaser is outside the United States.
 - (iv) Neither Telferscot nor any of its affiliates or any person acting on its or their behalf has made or will make any Directed Selling Efforts in the United States with respect to the Telferscot Shares, or has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D), including advertisements, articles, notices or other communications published in any newspaper, magazine, or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising in connection with the offer or exchange of the Telferscot Shares in the United States.
- (cc) No Shareholdings in Canntab. Telferscot does not, legally or beneficially, own, directly or indirectly, any securities of Canntab and does not have any right, agreement or obligation to purchase any securities of Canntab or any securities or obligations of any kind convertible into or exchangeable for any securities of Canntab.

- (dd) Restrictions on Business Activities. There is no agreement, judgment, injunction, order or decree binding upon Telferscot that has, or could be reasonably expected to have, the effect of prohibiting, restricting or materially impairing: (i) any business practice of Telferscot; (ii) any acquisition of property by Telferscot; or (iii) the conduct of business by Telferscot as currently conducted.
- (ee) Solvency of Telferscot. There are reasonable grounds for believing that Telferscot is able to pay its liabilities as they become due and, at the Effective Time, will be able to pay its liabilities as they become due.
- (ff) Creditors of Telferscot. Telferscot has reasonable grounds for believing that no creditor of Telferscot will be prejudiced by the Amalgamation.
- (gg) Right to Use Personal Information. All personal information in the possession of Telferscot has been collected, used and disclosed in compliance with all applicable privacy Laws in those jurisdictions in which Telferscot conducts, or Telferscot is deemed by operation of law in those jurisdictions to conduct, its business. Telferscot has disclosed to Canntab all Contracts and facts concerning the collection, use, retention, destruction and disclosure of personal information, and there are no other Contracts or facts which, on completion of the Transaction, would restrict or interfere with the use of any personal information by Canntab in the operation of its business as conducted by Telferscot before the Effective Time. There are no Claims pending or, to the knowledge of Telferscot, threatened, with respect to Telferscot's collection, use or disclosure of personal information.

3.2 Representations and Warranties of Canntab

Canntab hereby represents and warrants to Telferscot, and hereby acknowledges that Telferscot is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Transaction, as follows:

- (a) Organization. Canntab has been continued and validly exists under the laws of the jurisdiction of its incorporation and is in good standing under applicable corporate laws and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted. Canntab is registered, licensed or otherwise qualified in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Canntab.
- (b) Capitalization. As of the date hereof: (i) the authorized share capital of Canntab consists of an unlimited number of Canntab Shares and an unlimited number of preferred shares, issuable in series, of which 4,713,000 Canntab Shares and nil preferred shares are issued and outstanding; (ii) 470,000 Canntab Shares are issuable pursuant to the exercise of outstanding Canntab Options; (iii) 300,000 Canntab Shares are issuable pursuant to the exercise of outstanding Canntab Warrants; (iv) 80,200 Canntab Shares are issuable pursuant to the exercise of outstanding Agent Warrants, including the exercise of the Canntab Warrants issuable pursuant to the exercise of outstanding Agent Warrants; and (v) 1,251,914 Subscription Receipts.

Except as set forth above, and except as contemplated by this Agreement, as of the date hereof, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Canntab to issue or sell any Canntab Shares or any securities or obligations of any kind convertible into or exercisable or exchangeable for any Canntab Shares. All outstanding Canntab Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Canntab. There are no outstanding contractual obligations of Canntab to repurchase, redeem or otherwise acquire any outstanding Canntab Shares or with respect to the voting or disposition of any outstanding Canntab Shares.

- (c) Subsidiaries. Canntab has no subsidiaries and does not hold any shares or securities of any other entity and is not Affiliated with, nor is it a holding corporation of, any other body corporate.
- (d) Authority and Conflict. Canntab has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Canntab as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Canntab and the completion by Canntab of the transactions contemplated by this Agreement have been authorized by the Canntab Board, and subject to obtaining the Canntab Shareholder Approval in the manner contemplated herein, no other corporate proceedings on the part of Canntab are necessary to authorize this Agreement or the completion by Canntab of the transactions contemplated hereby, other than approval by Securities Authorities. This Agreement has been executed and delivered by Canntab and constitutes a legal, valid and binding obligation of Canntab, enforceable against Canntab in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Canntab of this Agreement and the performance by it of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
 - (i) result in a violation, contravention or breach, or constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the articles of continuance, articles of amendment and by-laws of Canntab,
 - (B) any applicable Law or rule or policy of the CSE (except that the approval of the CSE, which is required for the completion by Canntab of the transactions contemplated hereby, will be applied for by Canntab but has not been obtained as of the date hereof); or
 - (C) any Contract to which Canntab is bound or is subject to or of which Canntab is the beneficiary,

- in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Canntab;
- (ii) cause any indebtedness owing by Canntab or the to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Canntab;
 - (iii) result in the imposition of any Encumbrance upon any of the property or assets of Canntab, or give any Person the right to acquire any of Canntab' assets, or restrict, hinder, impair or limit the ability of Canntab to conduct the business of Canntab as and where it is now being conducted, which would, individually or in the aggregate, have a Material Adverse Effect on Canntab;
 - (iv) result in or accelerate the time for payment or vesting of, or increase the amount of any severance, unemployment compensation, "golden parachute", change of control provision, bonus, termination payments, retention bonus or otherwise, becoming due to any director or officer of Canntab or increase any benefits otherwise payable under any pension or benefits plan of Canntab or result in the acceleration of the time of payment or vesting of any such benefits; or
 - (v) result in the revocation, suspension, cancellation, variation or non-renewal of any claims, concessions, licenses, leases or other instruments, conferring rights in respect of the material properties in which Canntab has an interest.
- (e) Consents and Approvals. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by Canntab in connection with the execution and delivery of this Agreement or the consummation by Canntab of the transactions contemplated hereby other than:
- (i) the Canntab Shareholder Approval;
 - (ii) filings required under the OBCA;
 - (iii) filings with and approvals required by the Securities Authorities; and
 - (iv) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Canntab.
- (f) Directors' Approvals. The Canntab Board has unanimously:
- (i) determined that the Transaction is in the best interests of Canntab;
 - (ii) determined to recommend that the Canntab Shareholders vote in favour of the Canntab Resolution; and
 - (iii) authorized the entering into of this Agreement, and the performance of Canntab's obligations hereunder.
- (g) Contracts. Each of the Material Contracts to which Canntab is a party, including (i) the Exclusive License Agreement dated December 1, 2016 between Canntab and CMAX

Technologies Inc., and (ii) Collaboration and License Agreement between Canntab and Emblem Cannabis Corporation dated October 3, 2017, constitutes a valid and legally binding obligation of Canntab enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).

- (h) Waivers and Consents. There are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of Canntab.
- (i) No Defaults. Canntab is not in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Canntab under any Contract or other instrument that is material to the conduct of the business of Canntab to which it is a party or by which it is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on Canntab. No party to any Contract of Canntab has given written notice to Canntab of, or made a claim against Canntab with respect to, any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on Canntab.
- (j) Absence of Changes. Since May 31, 2017:
 - (i) Canntab has conducted its business only in the ordinary and regular course of business consistent with past practice;
 - (ii) Canntab has not incurred or suffered a Material Adverse Change;
 - (iii) there has not been any acquisition or sale by Canntab of any material property or assets thereof;
 - (iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Canntab of any debt for borrowed money, any creation or assumption by Canntab of any Encumbrance, any making by Canntab of any loan, advance or capital contribution to or investment in any other Person, or any entering into, amendment of, relinquishment, termination or non-renewal by Canntab, of any Contract or other right or obligation that would, individually or in the aggregate, have a Material Adverse Effect on Canntab;
 - (v) Canntab has not declared or paid any dividends or made any other distribution in respect of any of the Canntab Shares;
 - (vi) Canntab has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Canntab Shares;
 - (vii) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable by Canntab to any of its directors, officers, employees or consultants, or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay, or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without

limitation, the granting of Canntab Options) made to, for or with any of such directors, officers, employees or consultants;

- (viii) Canntab has not effected any material change in its accounting methods, principles or practices, other than as disclosed in the Canntab Financial Statements; and
 - (ix) Canntab has not adopted or amended any collective bargaining agreement, bonus, pension, profit-sharing, stock purchase, stock option or other benefit plan or shareholder rights plan.
- (k) Employment Agreements. Except as disclosed for Telferscot
- (i) is not a party to any written or oral policy, agreement, obligation or understanding providing for retention bonuses, severance or termination payments to, or any employment or consulting agreement with, any director or officer of Canntab that would be triggered by Canntab's entering into this Agreement or the completion of the Transaction;
 - (ii) has no employee or consultant whose employment or contract with Canntab cannot be terminated by Canntab in accordance with the provisions of such employment or consultant contract following the completion of the Amalgamation;
 - (iii) is not a party to any collective bargaining agreement;
 - (iv) is, to the knowledge of Canntab, not subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement; or
 - (v) is not subject to any current, or to the knowledge of Canntab, pending or threatened strike or lockout.
- (l) Financial Matters. Each of the audited financial statements of Canntab for the year ended May 31, 2017, the unaudited condensed financial statements of Telferscot for the three and six month periods ended November 30, 2017, and the respective notes thereto (collectively, the "**Canntab Financial Statements**") were prepared in accordance with IFRS consistently applied, and fairly present in all material respects the consolidated financial condition of Canntab at the respective dates indicated and the results of operations of Canntab for the periods covered on a consolidated basis. Except as disclosed in the Canntab Financial Statements, as of the date hereof, Canntab does not have any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, or any related party transactions or off-balance sheet transactions not reflected in the Canntab Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business since November 30, 2017, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on Canntab.
- (m) Books and Records. The corporate records and minute books of Canntab have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a

Material Adverse Effect on Canntab. Financial books and records and accounts of Canntab, in all material respects:

- (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
 - (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of Canntab; and
 - (iii) accurately and fairly reflect the basis for the Canntab Financial Statements.
- (n) Litigation. There is no Claim pending or in progress or, to the knowledge of Canntab, threatened against or relating to Canntab or affecting any of their respective properties or assets before any Governmental Entity which, individually or in the aggregate, has, or could reasonably be expected to have, a Material Adverse Effect on Canntab, and Canntab is not aware of any existing ground on which any such Claim might be commenced with any reasonable likelihood of success. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Canntab, threatened against or relating to Canntab before any Governmental Entity. Neither Canntab nor any of its properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of Canntab to conduct their respective business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Agreement, except to the extent any such matter would not, individually or in the aggregate, have a Material Adverse Effect on Canntab.
- (o) Assets, Property and Licences.
- (i) Canntab has good and marketable title to its assets free and clear of any Encumbrances;
 - (ii) all machinery and equipment owned or used by Canntab have been properly maintained and are in good working order for the purposes of on-going operation, subject to ordinary wear and tear for machinery and equipment of comparable age;
 - (iii) all of the inventories of Canntab are of merchantable quality and reasonably fit for their usual purpose. The inventory does not include any items which are below standard quality or of a quality or quantity which results in such items not being usable in the ordinary course of business. The inventory levels have been maintained at levels sufficient for the continuation of Canntab's business in the ordinary course. All inventory has been determined, valued and recorded in accordance with IFRS;
 - (iv) with respect to the leased real property: (A) Canntab has good and marketable leasehold title to all material leased real property; (B) each of the material leases is valid, legally binding, enforceable in accordance with its terms and in full force and effect unamended by oral or written agreement except as disclosed in writing; (C) Canntab is not in material breach of or material default under any of the material leases; and (D) all rental and other payments and other material

obligations required to be paid and performed by Canntab pursuant to the leases have been duly paid and performed;

- (v) Canntab does not have any subsidiaries or any agreements, options or commitments to acquire any securities of any corporation or to acquire or lease any real property or assets other than, in the latter case, those assets that are to be used in the usual and ordinary course of business;
 - (vi) Canntab is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other similar association of any kind and is not a party to any agreement under which it agrees to carry on any part of a business or any other activity in such manner or by which it agrees to share any revenue or profit with any other Person; and
 - (vii) all of the permits, certificates, certificates of authorization, approvals, orders, licenses or other authorizations of Canntab are valid and subsisting. Canntab is in compliance with all terms and conditions of all such authorizations. There are no proceedings in progress pending or threatened, that could result in the revocation, cancellation or suspension of any such authorizations.
- (p) Intellectual Property.
- (i) Canntab directly owns and has the exclusive legal and beneficial right, title and interest in and to the Intellectual Property in its own name, free and clear of any Encumbrances, and, other than as disclosed in writing by Canntab to Telferscot, none of the Intellectual Property has been licensed from or to a third party;
 - (ii) Canntab directly or indirectly owns or possesses the right to use all of the Intellectual Property necessary for the current operation, conduct and maintenance of Canntab's business as such business is currently and has historically been operated, conducted or maintained and each item of the Intellectual Property will be owned or available for use by Canntab on identical terms and conditions immediately after, and after giving effect to, the Transaction without the need for any further right, license, permission or consent in respect thereof and the consummation of the Transaction contemplated herein will not impair, alter or limit in any way such ownership or rights;
 - (iii) except pursuant to the Material Contracts, there are no royalty payments, license fees or other sums payable to or by Canntab in respect of the Intellectual Property, or to maintain or renew any registrations or applications for registration in relation thereto;
 - (iv) Canntab has the exclusive right to use and otherwise exploit the Intellectual Property in all jurisdictions in which it is currently or has historically been used or otherwise exploited and there are no prohibitions or restrictions on the use or other exploitation by Canntab of the Intellectual Property;
 - (v) complete and correct copies of all material licenses, agreements or arrangements to which Canntab is a party, whether as licensor, licensee or otherwise, and whether written or oral, with respect to the Intellectual Property have been provided or made available to Telferscot prior to the date hereof;

- (vi) Canntab has not received any written notice from any Person, nor acted in any manner that would give rise to a Claim that: (A) the past or present conduct by Canntab or the use of the Intellectual Property has resulted or shall result in the infringement or violation of any intellectual property owned by any person; or (B) challenging the validity or ownership of the Intellectual Property;
 - (vii) to the knowledge of Canntab, the Intellectual Property is not being and has not been infringed, violated or misappropriated by any other Person; and
 - (viii) Canntab reasonably believes that all commercially reasonable steps, given the nature and value of the applicable Intellectual Property, have been taken to protect and maintain the Intellectual Property (including any trade secrets or confidential information therein).
- (q) Insurance. Canntab maintains policies of insurance in amounts and in respect of such risks as are normal and usual for companies of a similar size and business and such policies are in full force and effect as of the date hereof.
- (r) Environmental. To the knowledge of Canntab:
- (i) Canntab is in compliance in all material respects with Environmental Laws;
 - (ii) Canntab has operated their respective businesses at all times and have received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
 - (iii) there is no material Claim which may affect either Canntab or any of the properties or assets of Canntab relating to or alleging any violation of Environmental Laws; and
 - (iv) Canntab holds all permits, certificates, certificates of authorization, approvals, orders, licenses or other authorizations required under any Environmental Laws in connection with the operation of its businesses as presently conducted and the ownership and use of its assets, other than those which the failure to hold would not reasonably be expected to have a Material Adverse Effect on Canntab, and neither Canntab nor any of its assets is the subject of any investigation, evaluation, audit or review not in the ordinary and regular course of business by any Governmental Entity to determine whether any violation of Environmental Laws has occurred or is occurring, and Canntab is subject to any known environmental liabilities.
- (s) Tax Matters. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Canntab:
- (i) Canntab has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Entity and has, in all material respects, completely and correctly reported all income and all other amounts or information required to be reported thereon;
 - (ii) Canntab has:

- (A) duly and timely paid all Taxes due and payable by it;
 - (B) duly and timely withheld all Taxes and other amounts required by applicable Laws to be withheld by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by applicable Laws to be remitted by it; and
 - (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by applicable Laws to be remitted by it;
- (iii) the charges, accruals and reserves for Taxes reflected on the Canntab Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are, in the opinion of Canntab, adequate under IFRS, as applicable, to cover Taxes with respect to Canntab accruing through the date hereof;
 - (iv) there are no Claims now pending or, to the knowledge of Canntab, threatened against Canntab that propose to assess Taxes in addition to those reported in the Tax Returns; and
 - (v) no waiver of any statutory limitation period with respect to Taxes has been given or requested with respect to Canntab.
- (t) Pension and Employee Benefits. Canntab has complied, in all material respects, with all of the terms of the pension and other employee compensation and benefit obligations of Canntab including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Canntab, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Canntab.
 - (u) Compliance with Laws. Canntab has complied with, and is not in violation of, any applicable Laws other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Canntab.
 - (v) No Option on Assets. No Person has any agreement or option, or any right or privilege capable of becoming an agreement or option, for the purchase from Canntab of any of the material assets of Canntab.
 - (w) Private Issuer. Canntab is not a reporting issuer in any jurisdiction in Canada and there is no published market in respect of the Canntab Shares.
 - (x) Certain Contracts. Canntab is not a party to or bound by any non-competition Contract or any other Contract, obligation, judgment, injunction, order or decree that purports to:
 - (i) limit the manner or the localities in which all or any material portion of the business of Canntab is conducted;

- (ii) limit any business practice of Canntab in any material respect; or
 - (iii) restrict any acquisition or disposition of any property by Canntab in any material respect.
- (y) No Broker's Commission. Save and except for an introducers fee of 10% of the value of the Transaction up to a maximum of \$50,000 plus HST, Canntab has not entered into any Contract that would entitle any Person to any valid claim against Canntab for a broker's commission, finder's fee or any like payment in respect of the Transaction or any other matter contemplated by this Agreement, except that Canntab may prior to closing of the Transaction enter into an engagement letter providing for the broker's commission payable by Canntab to the Agents in connection with the Financing in the aggregate amount agreed to between Telferscot and Canntab.
- (z) Vote Required. The only votes of the holders of any class or series of securities of Canntab necessary to approve this Agreement, the Transaction and the transactions contemplated hereby is the Canntab Shareholder Approval.
- (aa) U.S. Securities Law Matters.
- (i) Canntab is a "foreign issuer" within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest in the Canntab Shares.
 - (ii) Canntab is not now, and is not registered, or required to be registered, as an "investment company" as defined in the 1940 Act.
 - (iii) Except with respect to offers and sales to Accredited Investors who are in the United States in reliance upon the exemption from the registration requirements of the 1933 Act provided by Rule 506 of Regulation D thereunder, neither Canntab nor any of its affiliates, nor any person acting on its or their behalf, has made or will make:
 - (A) any offer to sell, or any solicitation of an offer to buy, any Canntab Shares to any person in the United States; or
 - (B) any sale of Canntab Shares unless, at the time the buy order was or will have been originated, the purchaser is (I) outside the United States or (II) Canntab, its affiliates, and any person acting on their behalf reasonably believe that the purchaser is outside the United States.
 - (iv) None of Canntab, any of its affiliates nor any person acting on its or their behalf has made or will make any Directed Selling Efforts in the United States with respect to the Canntab Shares, or has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D), including advertisements, articles, notices or other communications published in any newspaper, magazine, or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising in connection with the offer or exchange of the Canntab Shares in the United States.

- (bb) No Shareholdings in Telferscot. Canntab does not, legally or beneficially, own, directly or indirectly, any securities of Telferscot and does not have any right, agreement or obligation to purchase any securities of Telferscot or any securities or obligations of any kind convertible into or exchangeable for any securities of Telferscot, except as otherwise set out in this Agreement.
- (cc) Restrictions on Business Activities. There is no agreement, judgment, injunction, order or decree binding upon Canntab or that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing any business practice of Canntab, any acquisition of property by Canntab, or the conduct of business by Canntab as currently conducted.
- (dd) Solvency of Canntab. There are reasonable grounds for believing that Canntab is able to pay its liabilities as they become due and, at the Effective Time, will be able to pay its liabilities as they become due.
- (ee) Creditors of Canntab. Canntab has reasonable grounds for believing that no creditor of Canntab will be prejudiced by the Amalgamation.
- (ff) Right to Use Personal Information. All personal information in the possession of Canntab has been collected, used and disclosed in compliance with all applicable privacy Laws in those jurisdictions in which Canntab conducts, or Canntab is deemed by operation of law in those jurisdictions to conduct, its business. Canntab has disclosed to Telferscot all Contracts and facts concerning the collection, use, retention, destruction and disclosure of personal information, and there are no other Contracts or facts which, on completion of the Transaction, would restrict or interfere with the use of any personal information by Canntab in the operation of its business as conducted before the Effective Time. There are no Claims pending or, to the knowledge of Canntab, threatened, with respect to Canntab's collection, use or disclosure of personal information.

3.3 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished at the Effective Time.

ARTICLE 4 COVENANTS

4.1 Covenants of Telferscot

Telferscot hereby covenants and agrees with Canntab as follows:

- (a) Telferscot Meeting. As promptly as practicable after the date hereof, Telferscot shall, in accordance with the applicable provisions of the CBCA and its charter documents, duly call, give notice of, convene and hold the Telferscot Meeting.
- (b) Copy of Documents. Telferscot shall furnish promptly to Canntab a copy of any dealings or communications with any Governmental Entity or Securities Authority in connection with, or in any way affecting, the transactions contemplated by this Agreement.

- (c) Certain Actions Prohibited. Other than in contemplation of, or as required to give effect to, the transactions contemplated by this Agreement, or as otherwise permitted pursuant to this Agreement, Telferscot shall not, without the prior written consent of Canntab, which consent shall not be unreasonably withheld or delayed, directly or indirectly do or permit to occur any of the following prior to the Effective Date:
- (i) issue, sell, grant, pledge, lease, dispose of, encumber or create any Encumbrance on, or agree to issue, sell, grant, pledge, lease, dispose of, or encumber or create any Encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, Telferscot, other than the Telferscot Shares issuable in connection with the Amalgamation and the Spin Out;
 - (ii) incur or commit to incur any debt, except in the ordinary and regular course of business, to finance its working capital requirements or as otherwise contemplated in connection with the transactions contemplated in this Agreement;
 - (iii) declare or pay any dividends or distribute any of its properties or assets to the Telferscot Shareholders other than in respect of the Spin Out;
 - (iv) enter into any Material Contracts without the consent of Canntab, other than in connection with the Transaction, the Spin Out or as otherwise contemplated herein;
 - (v) alter or amend its articles or by-laws, other than as may be required in connection with the transactions contemplated herein, including the Telferscot Consolidation and the Telferscot Change of Name as well as the Spin Out;
 - (vi) engage in any business enterprise or other activity different from that carried on or contemplated by it as of the date hereof;
 - (vii) other than in the ordinary and regular course of business or in connection with the Spin Out and the transactions contemplated in Section (e), sell, pledge, lease, dispose of, grant any interest in, encumber, or agree to sell, pledge, lease, dispose of, grant any interest in or encumber, any of its assets, except where to do so would not have a Material Adverse Effect on Telferscot;
 - (viii) redeem, purchase or offer to purchase any of the Telferscot Shares or any of its other securities except as required to effect the Spin Out; or
 - (ix) acquire, directly or indirectly, any assets, including but not limited to securities of other companies, other than in the ordinary and regular course of business other than as part of the Spin Out.
- (d) Certain Actions. Telferscot shall:
- (i) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification) inconsistent with the provisions of this Agreement, or that would reasonably be expected to materially impede the completion of the transactions contemplated

hereby or would render, or that could reasonably be expected to render, any representation or warranty made by Telferscot in this Agreement untrue or inaccurate in any material respect at any time on or before the Effective Date if then made, or that would or could have a Material Adverse Effect on Telferscot; and

- (ii) promptly notify Canntab of:
 - (A) any Material Adverse Change or Material Adverse Effect, or any change, event, occurrence or state of facts that could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of Telferscot;
 - (B) any material Governmental Entity or third person notices, complaints, investigations or hearings (or communications indicating that the same may be contemplated);
 - (C) any breach by Telferscot of any covenant or agreement contained in this Agreement; and
 - (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Telferscot contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect.

- (e) AUXICO Litigation. Concurrent with the closing of the Transaction: (i) Telferscot shall assign all of its rights and interests in all Claims made by Telferscot in the existing litigation with AUXICO (the “**AUXICO Litigation**”) to Auxico Spinco or a third party acceptable to Canntab; and (ii) Auxico Spinco or the third party, as applicable, shall assume and agree to indemnify Canntab from and against any and all damages, losses or expenses which Canntab may suffer or incur with respect to the Auxico Litigation and all future costs associated therewith by an assignment and assumption agreement, in a form acceptable to the Parties, acting reasonably (the “**AUXICO Litigation Assignment and Assumption Agreement**”);

- (f) Satisfaction of Conditions. Telferscot shall use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
 - (i) obtain the Telferscot Shareholder Approval in accordance with the provisions of the CSE and the CBCA and the requirements of any applicable regulatory authority;
 - (ii) obtain all other consents, approvals and authorizations as are required to be obtained by Telferscot under any applicable Laws or from any Governmental Entity or Security Authority that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on Telferscot;

- (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities or Securities Authorities required to be effected by it in connection with the transactions contemplated by this Agreement and participate and appear in any proceedings of any Party hereto before any Governmental Entity;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement or the transactions contemplated hereby or seeking to enjoin or delay, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby, subject to the Telferscot Board determining in good faith after receiving advice from outside legal counsel (which may include written opinions or advice) that taking such action would be inconsistent with the fiduciary duties of such directors under applicable Laws, and provided that, immediately upon receipt of such advice, Telferscot advises Canntab in writing that it has received such advice and provides written details thereof to Canntab;
 - (v) fulfill all conditions and satisfy all provisions of this Agreement required to be fulfilled or satisfied by Telferscot; and
 - (vi) co-operate with Canntab in connection with the performance by it of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Telferscot to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement.
- (g) Keep Fully Informed. Subject to applicable Laws, Telferscot shall use commercially reasonable efforts to conduct itself so as to keep Canntab fully informed as to the material decisions or actions required to be made with respect to the operation of its business.
- (h) Co-operation. Telferscot shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.
- (i) Representations. Telferscot shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Telferscot contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (j) Closing Documents. Telferscot shall execute and deliver, or cause to be executed and delivered, at the closing of the transactions contemplated hereby such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by Canntab, all in form satisfactory to Canntab, acting reasonably.
- (k) Newco. In its capacity as the sole shareholder of Newco, Telferscot shall:
- (i) take all such action as is necessary or desirable to cause Newco to satisfy its obligations hereunder, including without limitation, passing a resolution approving the Transaction, on or prior to the Effective Date, or such other date as may be agreed to by Telferscot and Canntab, acting reasonably; and

- (ii) prior to the Effective Date, not cause or permit Newco to issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of Newco Shares to Telferscot, or carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein or as reasonably necessary to carry out the Amalgamation, unless previously consented to in writing by Canntab; and
 - (iii) after the Effective Date, cause Amalco to satisfy any obligations which Amalco may have to a Canntab Shareholder who exercises Dissent Rights.
- (l) Shares. Telferscot will issue, at the Effective Time, Post-Consolidated Telferscot Shares, in accordance with the terms hereof, to those Canntab Shareholders who are entitled to receive Post-Consolidation Telferscot Shares pursuant to the Transaction.
- (m) Listing of Shares. Until the earlier of: (i) the Effective Time; and (ii) the termination of this Agreement in accordance with Section 6.2, Telferscot shall use its commercially reasonable efforts to:
- (i) ensure that the Telferscot Shares are continuously listed and posted for trading on the CSE;
 - (ii) providing such information on the historical operations of Telferscot necessary to permit Canntab to complete the documents required pursuant to Section 4.2(k); and
 - (iii) obtain conditional approval of the CSE for listing the Post-Consolidation Telferscot Shares to be issued: (A) to Canntab Shareholders pursuant to and in accordance with the terms of this Agreement; and (B) upon the conversion of the Subscription Receipts pursuant to and in accordance with the terms of the Subscription Receipt Agreement.
- (n) Telferscot Directors and Officers. Prior to the completion of the Amalgamation, the Telferscot Board shall procure duly executed resignations and mutual releases, in form and substance satisfactory to Canntab, acting reasonably, from each director and officer of Telferscot who will no longer be serving in such capacity or capacities following completion of the Transaction such that, upon the Effective Date, the directors and officers of Telferscot will be as follows:

Name	Position
Richard Goldstein	Director, Chief Financial Officer and Secretary
Vitor Fonseca	Director
Barry M. Polisuk	Director and Chairman
Jeffrey Ward Renwick	Director and Chief Executive Officer
Sheldon Inwentash	Director

- (o) Name. Telferscot shall change its name to “Canntab Therapeutics Limited” as of the Effective Date.

4.2 Covenants of Canntab

Canntab hereby covenants and agrees with Telferscot as follows:

- (a) Canntab Meeting. As promptly as practicable after the date hereof, Canntab shall, in accordance with the applicable provisions of the OBCA and its charter documents, duly call, give notice of, convene and hold the Canntab Meeting.
- (b) Canntab Options, Canntab Warrants and Agent Warrants. Canntab shall use its reasonable commercial efforts to ensure that the holders of all of the Canntab Options, Canntab Warrants and Agent Warrants surrender the certificates representing such securities, which will be exchanged for equivalent securities of Telferscot pursuant to the Transaction along with duly completed Exchange Agreements. Canntab shall use its reasonable commercial efforts to ensure that holders of all Subscription Receipts also enter into Exchange Agreements.
- (c) Copy of Documents. Canntab shall furnish promptly to Telferscot a copy of any filing under any applicable Laws and any dealings or communications with any Governmental Entity or Securities Authority in connection with, or in any way affecting, the transactions contemplated by this Agreement.
- (d) Financing. Canntab shall use its reasonable commercial efforts to close the funding of the Financing by December 31, 2017, on such terms and conditions acceptable to Telferscot and to close the Financing concurrent with the closing of the Transaction.
- (e) Certain Actions Prohibited. Other than in contemplation of, or as required to give effect to, the transactions contemplated by this Agreement, or as otherwise permitted pursuant to this Agreement, Canntab shall not, without the prior written consent of Telferscot, which consent shall not be unreasonably withheld or delayed, directly or indirectly do or permit to occur any of the following prior to the Effective Date:
 - (i) issue, sell, grant, pledge, lease, dispose of, encumber or create any Encumbrance on, or agree to issue, sell, grant, pledge, lease, dispose of, or encumber or create any Encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, Canntab, other than in connection with the Financing;
 - (ii) incur or commit to incur any debt, except in the ordinary and regular course of business, or to finance its working capital requirements, or as otherwise contemplated herein in connection with the transactions contemplated by this Agreement;
 - (iii) declare or pay any dividends or distribute any of its properties or assets to the Canntab Shareholders;
 - (iv) enter into Material Contracts without the consent of Telferscot, other than in connection with the Transaction or as otherwise contemplated herein;

- (v) alter or amend its articles or by-laws, other than as may be required in connection with the transactions contemplated herein, including the Amalgamation;
 - (vi) engage in any business enterprise or other activity different from that carried on or contemplated by it as of the date hereof;
 - (vii) other than in the ordinary and regular course of business, sell, pledge, lease, dispose of, grant any interest in, encumber, or agree to sell, pledge, lease, dispose of, grant any interest in or encumber, any of its assets except where to do so would not have a Material Adverse Effect on Canntab;
 - (viii) redeem, purchase or offer to purchase any of the Canntab Shares, Canntab Options, Canntab Warrants, Agent Warrants or any of its other securities; or
 - (ix) acquire, directly or indirectly, any assets, including but not limited to securities of other companies, other than in the ordinary and regular course of business.
- (f) Certain Actions. Canntab shall:
- (i) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification), inconsistent with the provisions of this Agreement or that would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that could reasonably be expected to render, any representation or warranty made by Canntab in this Agreement untrue or inaccurate in any material respect at any time on or before the Effective Date if then made or that would or could have a Material Adverse Effect on Canntab; and
 - (ii) promptly notify Telferscot of:
 - (A) any Material Adverse Change or Material Adverse Effect, or any change, event, occurrence or state of facts that could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of Canntab;
 - (B) any material Governmental Entity or third person notices, complaints, investigations or hearings (or communications indicating that the same may be contemplated);
 - (C) any breach by Canntab of any covenant or agreement contained in this Agreement; and
 - (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Canntab contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect.
- (g) Satisfaction of Conditions. Canntab shall use all commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations to the

extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:

- (i) obtain the Canntab Shareholder Approval in accordance with the OBCA and the requirements of any applicable regulatory authority;
 - (ii) obtain all other consents, approvals and authorizations as are required to be obtained by Canntab under any applicable Laws or from any Governmental Entity or Security Authority that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on Canntab;
 - (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities or Securities Authorities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any Party hereto before any Governmental Entity;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement or the transactions contemplated hereby, or seeking to enjoin or delay, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby, subject to the Canntab Board determining in good faith after receiving advice from outside legal counsel (which may include written opinions or advice) that taking such action would be inconsistent with the fiduciary duties of such directors under applicable Laws, and provided that, immediately upon receipt of such advice, Canntab advises Telferscot in writing that it has received such advice and provides written details thereof to Telferscot;
 - (v) fulfill all conditions and satisfy all provisions of this Agreement required to be fulfilled or satisfied by Canntab; and
 - (vi) co-operate with Telferscot in connection with the performance by Telferscot of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Canntab to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement.
- (h) Keep Fully Informed. Subject to applicable Laws, Canntab shall use commercially reasonable efforts to conduct itself so as to keep Telferscot fully informed as to the material decisions or actions required to be made with respect to the operation of its business.
- (i) Co-operation. Canntab shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.

- (j) Representations. Canntab shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Canntab contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (k) Listing Statement. Until the earlier of: (i) the Effective Time; and (ii) the termination of this Agreement in accordance with Section 6.2, Canntab shall use its commercially reasonable efforts to prepare all documents necessary for submission to the CSE to facilitate Telferscot obtaining conditional approval of the CSE for listing the Post-Consolidation Telferscot Shares to be issued: (A) to Canntab Shareholders pursuant to and in accordance with the terms of this Agreement; and (B) upon the conversion of the Subscription Receipts pursuant to and in accordance with the terms of the Subscription Receipt Agreement.
- (l) Closing Documents. Canntab shall execute and deliver, or cause to be executed and delivered, at the closing of the transactions contemplated hereby such customary agreements, certificates, opinions, resolutions and other closing documents as may be required by Telferscot, all in form satisfactory to Telferscot, acting reasonably.

4.3 Mutual Covenants of Canntab and Telferscot

- (a) Information Circular.
 - (i) Each of Canntab and Telferscot shall use all commercially reasonable efforts to prepare, as promptly as practicable after the date of this Agreement, the Information Circular, together with any other documents required under securities Laws in connection with the Canntab Meeting and the Telferscot Meeting.
 - (ii) The Information Circular shall include, inter alia, the unanimous recommendation of the Canntab Board that the Canntab Shareholders vote in favour of approval of the Canntab Resolution, subject to any required abstentions, and the unanimous recommendation of the Telferscot Board that the Telferscot Shareholders vote in favour of approval of the Telferscot Resolutions.
 - (iii) Telferscot covenants that the Information Circular will comply as to form in all material respects with securities Laws and that none of the information to be supplied by Telferscot for inclusion or incorporation by reference in the Information Circular will at the time of the mailing of the Information Circular contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. If at any time prior to the Effective Time any event with respect to Telferscot, its officers and directors or Newco shall occur that is required to be described in the Information Circular, Telferscot shall give prompt notice to Canntab of such event.
 - (iv) Canntab covenants that the Information Circular will comply as to form in all material respects with securities Laws and that none of the information to be supplied by Canntab for inclusion or incorporation by reference in the Information Circular will at the time of the mailing of the Information Circular contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of

the circumstances under which they are made, not misleading. If at any time prior to the Effective Time any event with respect to Canntab or its officers and directors shall occur that is required to be described in the Information Circular, Canntab shall give prompt notice to Telferscot of such event.

(v) The Information Circular shall contain language notifying each Canntab Shareholder resident in or otherwise subject to the laws of the United States of the following:

(A) the Post-Consolidation Telferscot Shares issued in connection with the Amalgamation are or will be “restricted securities” as defined in Rule 144 under the 1933 Act, and the holders may dispose of the Post-Consolidation Telferscot Shares only pursuant to an effective registration statement under the 1933 Act or an exemption from the registration requirements of the 1933 Act. Telferscot is not obligated to file and has no present intention of filing with the SEC or with any state securities administrator any registration statement in respect of resales of the Post-Consolidation Telferscot Shares in the United States. Accordingly, holders of the Post-Consolidation Telferscot Shares may be required to hold the Post-Consolidation Telferscot Shares indefinitely; and

(B) Telferscot:

I. is not obligated to remain a “foreign issuer” within the meaning of Regulation S under the 1933 Act,

II. may not, at the time the Post-Consolidation Telferscot Shares are resold or otherwise transferred by it or at any other time, be a foreign issuer, and

III. may engage in one or more transactions that could cause Telferscot not to be a foreign issuer, and if Telferscot is not a foreign issuer at the time of any sale or other transfer of the Post-Consolidation Telferscot Shares pursuant to Rule 904 of Regulation S under the 1933 Act, a holder of the Canntab Shares may be required to hold the Post-Consolidation Telferscot Shares indefinitely.

(vi) In a timely and expeditious manner, each of Telferscot and Canntab shall provide the other with information as requested, acting reasonably, in order to prepare any amendments or supplements to the Information Circular (which amendments or supplements shall be in a form satisfactory to each of the Parties, acting reasonably).

(b) Completion of Transaction.

(i) Each of the Parties agrees that, it shall complete the Transaction as soon as practicable following receipt of the later of the Telferscot Shareholder Approval or the Canntab Shareholder Approval.

- (ii) Each of the Parties shall comply with the policies of the CSE and, if required by the CSE in connection with the approval of the Transaction, the Parties will obtain sponsorship of the Transaction under CSE Policy 8..
- (iii) The Telferscot Board shall approve resolutions, to be effective as of the Effective Time, to:
 - (A) accept the resignations of the directors and officers of Telferscot that will no longer be serving in such capacity following the completion of the Transaction;
 - (B) change the composition of the Telferscot Board such that it will be comprised of the individuals listed in Section 4.1(n); and
 - (C) appoint the officers listed in Section 4.1(n).
- (c) Confidential Information. Each of Canntab and Telferscot agrees that any information as to the other Party's financial condition, business, properties, title, assets and affairs (including any material contracts) received from the other Party as part of its due diligence investigations in connection with the transactions contemplated in this Agreement, including information which, at the time of receipt had not become generally available to the public, was not available to a Party or its representatives on a non-confidential basis before the date of the LOI or does not become available to a Party or its representatives on a non-confidential basis from a person who is not, to the knowledge of the Party or its representatives, otherwise bound by confidentiality obligations to the provider of such information or otherwise prohibited from transmitting the information to the Party or its representatives ("**confidential information**"), will be kept confidential by such Party for a period of two (2) years from the date hereof. Prior to releasing any confidential information, Canntab or Telferscot, as applicable, may require the recipient of the confidential information to enter into a mutually acceptable confidentiality agreement. No confidential information may be released to third parties without the consent of the provider thereof, except that the Parties agree that they will not unreasonably withhold such consent to the extent that such confidential information is compelled to be released by legal process or must be released to regulatory bodies and/or included in public documents. The provisions of this Section 4.3(c) shall survive the termination of this Agreement.

4.4 No Alternative Transactions

- (a) Commencing immediately, and except as contemplated herein, the Parties hereto and their respective agents will not, and will not permit any of their respective directors, officers, employees or agents, to directly or indirectly, solicit, discuss, encourage or accept an Alternative Proposal, subject to their fiduciary duties at law. The Parties hereto will with reasonable diligence do all such things and provide all such reasonable assurances as may be required to obtain the approval of applicable regulatory authorities, including the CSE, to the transactions contemplated in this Agreement, and each Party will provide such further documents or instruments as may be necessary to effect the purposes of this Agreement. Each Party shall use all commercially reasonable effort to cause each of the condition precedents to be satisfied as soon as reasonably possible.

ARTICLE 5 CONDITIONS

5.1 Mutual Conditions in Favour of Canntab and Telferscot

The respective obligations of Telferscot and Canntab to complete the transactions contemplated herein are subject to the fulfillment of the following conditions at or before the Effective Time or such other time as is specified below:

- (a) the Telferscot Shareholder Approval shall have been obtained in accordance with the provisions of the CBCA and the requirements of any applicable regulatory authority, including the requirements of the CSE;
- (b) the Canntab Shareholder Approval shall have been obtained in accordance with the provisions of the OBCA and the requirements of any applicable regulatory authority, including the requirements of the CSE;
- (c) each of the Telferscot Board and the Canntab Board shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Telferscot, Newco and Canntab, to permit the consummation of the Transaction and all other matters contemplated in this Agreement;
- (d) the CSE shall have accepted notice for filing of and approved the Transaction, subject only to compliance with the usual requirements of the CSE, as applicable;
- (e) the CSE shall have conditionally approved the listing on the CSE of the Post-Consolidation Telferscot Shares to be issued pursuant to the Transaction and the Financing, on terms and conditions acceptable to each of the Parties, acting reasonably;
- (f) Newco shall not have engaged in any business enterprise or other activity or had any assets or liabilities;
- (g) the Financing shall have been funded on or before December 31, 2017 for minimum aggregate gross proceeds of \$5,000,000 on terms and conditions acceptable to each of the Parties, acting reasonably and shall have been completed;
- (h) the Exchange Agreements shall have been completed by the holders of Canntab Options, Canntab Warrants and Agent Warrants, as applicable, on terms and conditions acceptable to the Parties, acting reasonably;
- (i) the Post-Consolidation Telferscot Shares to be issued to persons in the United States pursuant to the Transaction shall be exempt from registration requirements under the 1933 Act pursuant to Rule 506 of Regulation D under the 1933 Act; and
- (j) the distribution of the Post-Consolidation Telferscot Shares pursuant to the Transaction shall be exempt from prospectus and registration requirements under applicable securities Laws of Canada and, except with respect to persons deemed to be "control persons" of Telferscot under such securities Laws, such Post-Consolidation Telferscot Shares shall not be subject to any resale restrictions in Canada under such securities Laws.

The foregoing conditions are for the mutual benefit of the Parties and may be waived by mutual consent of Canntab and Telferscot in writing at any time. No such waiver shall be of any effect unless it is in writing signed by both Parties. If any of such conditions shall not be complied with or waived as aforesaid on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, any Party may terminate this Agreement by written notice to the others in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by such terminating Party.

5.2 Telferscot Conditions

The obligation of Telferscot to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the representations and warranties made by Canntab in this Agreement that are qualified by the expression “material”, “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Canntab in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Canntab shall have provided to Telferscot a certificate of two officers thereof certifying the same as of the Effective Date. No representation or warranty made by Canntab hereunder shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect are disclosed or referred to, or provided for, or stated to be exceptions under this Agreement;
- (b) the Canntab Shares held by Dissenting Shareholders is less than 5% of the issued and outstanding Canntab Shares;
- (c) Canntab shall have paid to Telferscot the sum of \$50,000 to be used to pay certain outstanding liabilities of Telferscot;
- (d) Telferscot shall have entered into an agreement with Grove Capital Group to extend its existing contract for a period of no less than six (6) months from the Effective Date
- (e) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of Canntab;
- (f) Canntab shall have complied in all material respects with its covenants herein and Canntab shall have provided to Telferscot a certificate of two officers thereof, certifying that, as of the Effective Date, it has so complied with their covenants herein; and
- (g) the Canntab Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Canntab and Telferscot to permit the

consummation of the Transaction and the transactions to be completed by Canntab pursuant to the terms of this Agreement.

The foregoing conditions are for the benefit of Telferscot and may be waived, in whole or in part, by Telferscot in writing at any time. No such waiver shall be of any effect unless it is in writing signed by Telferscot. If any of such conditions shall not be complied with or waived by Telferscot on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, Telferscot may terminate this Agreement by written notice to Canntab in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Telferscot.

5.3 Canntab Conditions

The obligation of Canntab to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the Telferscot Board shall have procured duly executed resignations and mutual releases, effective at the Effective Time, from each director and executive officer of Telferscot who will no longer be serving in such capacity or capacities following completion of the Transaction;
- (b) Telferscot shall have issued equivalent securities of Telferscot, in forms acceptable to Canntab, acting reasonably, in respect of the Canntab Options, Canntab Warrants and Agent Warrants that are the subject of the Exchange Agreements;
- (c) the representations and warranties made by Telferscot in this Agreement that are qualified by the expression "material", "Material Adverse Change" or "Material Adverse Effect" shall be true and correct as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Telferscot in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date as if made on and as of the Effective Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Telferscot shall have provided to Canntab a certificate of two officers thereof certifying the same as of the Effective Date. No representation or warranty made by Telferscot hereunder shall be deemed not to be true and correct if the facts or circumstances that make such representation or warranty untrue or incorrect are disclosed or referred to, or provided for, or stated to be exceptions under this Agreement;
- (d) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of Telferscot;
- (e) Telferscot shall have completed the Spin Out by the Spin Out Deadline or shall have terminated the Spin Out and transferred the Auxico Litigation to Auxico Spinco on a different basis approved by Canntab, acting reasonably.

- (f) Telferscot shall have complied in all material respects with its covenants herein and Telferscot shall have provided to Canntab a certificate of two officers thereof certifying that, as of the Effective Date, Telferscot has so complied with its covenants herein; and
- (g) the Telferscot Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Telferscot to permit the consummation of the Transaction and the transactions to be completed by Telferscot pursuant to the terms of this Agreement.

The foregoing conditions are for the benefit of Canntab and may be waived, in whole or in part, by Canntab in writing at any time. No such waiver shall be of any effect unless it is in writing signed by Canntab. If any of such conditions shall not be complied with or waived by Canntab on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, Canntab may terminate this Agreement by written notice to Telferscot in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Canntab.

5.4 Notice and Cure Provisions

Each of Canntab and Telferscot shall give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, would be likely to or could:

- (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any respect on the date hereof or on the Effective Date;
- (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party on or before the Effective Date; or
- (c) result in the failure to satisfy any of the conditions precedent in favour of the other Party contained in Section 5.1, 5.2 or 5.3, as the case may be.

Except as otherwise herein provided, each of Canntab and Telferscot may:

- (d) elect not to complete the transactions contemplated hereby by virtue of any of the conditions for its benefit contained in Section 5.1, 5.2 or 5.3 not being satisfied or waived; or
- (e) exercise any termination right arising therefrom; provided, however, that:
 - (i) promptly and in any event prior to the Effective Date, the Party hereto intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail the breaches of covenants or untruthfulness or inaccuracy of representations and warranties or other matters that the Party delivering such notice is asserting as the basis for the exercise of the termination right, as the case may be; and
 - (ii) if any such notice is delivered, and a Party proceeds diligently, at its own expense, to cure such matter, if such matter is susceptible to being cured prior to the Completion Deadline to the satisfaction of the Party delivering such notice, acting reasonably, no party may terminate this Agreement until the earlier of: (A)

ten (10) Business Days from the date of delivery of such notice; and (B) the Completion Deadline, if such matter has not been cured by such date (except that, in each case and for greater certainty) no cure period shall be provided for a breach which by its nature cannot be cured.

5.5 Merger of Conditions

If no notice has been sent by either Party pursuant to Section 5.4 prior to the Effective Date, the conditions set out in Section 5.1, 5.2 or 5.3 shall be conclusively deemed to have been satisfied, fulfilled or waived as of the Effective Time.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Amendment

This Agreement may, at any time and from time to time, before or after the receipt of the Telferscot Shareholder Approval or the Canntab Shareholder Approval, be amended by mutual written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the Telferscot Shareholders or the Canntab Shareholders, and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the Parties;
- (b) waive any inaccuracies in, or modify, any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with, or modify, any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the parties hereto; and
- (d) waive compliance with, or modify, any condition herein contained,

provided, however, that, notwithstanding the foregoing, following the receipt of the Telferscot Shareholder Approval, the Exchange Ratio shall not be amended without the approval of the Telferscot Shareholders given in the same manner as required for the approval of the Amalgamation.

6.2 Termination

This Agreement may be terminated at any time prior to the Effective Time:

- (a) by mutual written agreement by Telferscot, Canntab and Newco;
- (b) subject to Section 5.4:
 - (i) by Telferscot, if any condition in Section 5.2 is not satisfied or waived in accordance with such section,
 - (ii) by Canntab, if any condition in Section 5.3 is not satisfied or waived in accordance with such section, or

- (iii) by Telferscot or by Canntab, if any of the conditions in Section 5.1 for the benefit of the terminating party is not satisfied or waived in accordance with such Section 5.1;
- (c) by Canntab if there is an intentional breach of the covenants of Telferscot contained herein by Telferscot or any of its directors, officers, employees, agents, consultants or other representatives, in each case on or before the Effective Date;
- (d) by Telferscot or by Canntab in accordance with Section 4.4;
- (e) by Telferscot if there is an intentional breach of the covenants of Canntab contained herein by Canntab or any of its directors, officers, employees, agents, consultants or other representatives, in each case on or before the Effective Date; or
- (f) by Canntab or by Telferscot if the Transaction shall not have been completed by the Completion Deadline,

provided that any termination by a Party in accordance with the paragraphs above shall be made by such Party delivering written notice thereof to the other Parties prior to the earlier of the Effective Date and the Completion Deadline and specifying therein in reasonable detail the matter or matters giving rise to such termination right.

ARTICLE 7 GENERAL

7.1 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party shall be in writing and shall be delivered by hand to the Party or Parties to which the notice is to be given at the following address or sent by electronic means to the following numbers or to such other address or email address as shall be specified by such other Party or Parties by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by electronic means be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 5:00 p.m. (local time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the Parties shall be as follows:

- (a) if to Telferscot or Newco:

401 Bay Street, Suite 2702
Toronto, Ontario M5H 2Y4

Attention: Stephen Coates
Email: scoates@telferscotresources.com

with a copy (which shall not constitute notice) to:

Gardiner Roberts LLP
Bay Adelaide Centre – East Tower
22 Adelaide Street West, Suite 3600
Toronto, Ontario M5H 4E3

Attention: Kathleen E. Skerrett
Email: kskerrett@grllp.com

(b) if to Canntab:

Canntab Therapeutics Limited
223 Riviera Drive
Markham, Ontario L3R 5J6

Attention: Richard Goldstein
Email: richard@firstrepubliccapital.com

with a copy (which shall not constitute notice) to:

Garfinkle Biderman LLP
1 Adelaide Street East, Suite 801
Toronto, Ontario M5C 2V9

Attention: Barry Polisuk
Email: bpolisuk@garfinkle.com

7.2 Remedies

Upon termination of this Agreement under circumstances where a Party is entitled to a Break Fee and such fee has been paid in full, the Party receiving such fee shall be precluded from any other remedy against the other Party, at law or in equity or otherwise and such Party shall not seek to obtain any recovery, judgment or damages of any kind, including consequential, indirect or punitive damages, against the other Party or any of its directors, officers, employees, partners, managers, shareholders or affiliates in connection with this Agreement or the transactions contemplated hereby; provided that, the foregoing is subject to the following:

- (a) nothing in Section 4.4 shall relieve or have the effect of relieving any Party in any way from liability for damages incurred or suffered by a Party as a result of fraud or an intentional or wilful breach of this Agreement; and
- (b) the Parties acknowledge and agree that an award of money damages may be inadequate for any breach of this Agreement by any Party or its representatives and advisors and that such breach may cause the non-breaching Parties irreparable harm. Accordingly, the Parties agree that, in the event of any such breach or threatened breach of this Agreement, Telferscot (if Canntab is the breaching Party) or Canntab (if Telferscot or Newco is the breaching Party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Other than as set forth above, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the Parties.

7.3 Expenses

Canntab will pay for all costs incurred pursuant to the Transaction contemplated herein, including legal and accounting costs (up to a maximum of \$30,000 plus applicable sales tax and disbursements for TRI's expenses), whether or not the Transaction is completed. Telferscot shall be responsible for all legal and accounting costs for the Transaction in excess of \$30,000. All costs associated with the Spin Out shall be the responsibilities of the entities other than Telferscot involved in the Spin Out. The provisions of this Section 7.3 shall survive the termination of this Agreement.

7.4 Time of the Essence

Time shall be of the essence in this Agreement.

7.5 Entire Agreement

This Agreement together with the agreements and other documents herein or therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof, including the LOI. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein.

7.6 Further Assurances

Each Party shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Amalgamation.

7.7 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta. The Parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta.

7.8 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by facsimile, email or other functionally equivalent electronic means of transmission shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party delivering an executed counterpart of the signature page to this Agreement by facsimile, email or other functionally equivalent electronic means of transmission to any other Party shall thereafter also promptly deliver a manually executed original counterpart of this Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

7.9 Waiver

No waiver or release by any Party shall be effective unless in writing and executed by the Party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 6.1.

7.10 No Personal Liability

No director, officer or employee of Telferscot shall have any personal liability to Canntab under this Agreement. No director, officer or employee of Canntab shall have any personal liability to Telferscot under this Agreement.

7.11 Enurement and Assignment

This Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns and shall be binding upon the Parties and their respective successors. This Agreement may not be assigned by any Party without the prior written consent of the other Parties.

[EXECUTION PAGE FOLLOWS]

SCHEDULE A

FORMS OF TELFERSCOT RESOLUTIONS

TELFERSCOT RTO RESOLUTION

BE IT RESOLVED as an ordinary resolution that:

1. the amalgamation (the “**Amalgamation**”) under Section 174 of the *Business Corporations Act* (Ontario) (the “**OBCA**”) of Canntab Therapeutics Limited. (“**Canntab**”) and 2597905 Ontario Ltd., a wholly-owned subsidiary of Telferscot Resources Inc. (the “**Company**”), to effect, among other things, the business combination of the Company and Canntab, pursuant to the terms and conditions contained in the amalgamation agreement (the “**Amalgamation Agreement**”) dated January 12, 2018 (as the same may be or has been modified or amended), in substantially the form attached as Schedule D in the Company’s information circular is hereby authorized and approved;
2. the execution and delivery by the Company of the Amalgamation Agreement, substantially in the form attached as Schedule ___ in the Company’s information circular, is hereby authorized and approved, and the Amalgamation is hereby adopted;
3. notwithstanding that this resolution has been passed (and the Amalgamation Agreement adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further approval of the shareholders of the Company at any time prior to the issuance by the director under the OBCA of a certificate of amalgamation in respect of the Amalgamation (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) not to proceed with the Amalgamation to the extent permitted by the Amalgamation Agreement or otherwise give effect to these resolutions; and
4. any officer or director of the Company is hereby authorized and directed for and on behalf of and in the name of the Company to execute, under the seal of the Company or otherwise, and to deliver, all documents, agreements and instruments and to do all such other acts and things, including delivering such documents as are necessary or desirable to the director appointed under the OBCA for filing in accordance with the Amalgamation Agreement, as such officer or director, may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or doing of any such act or thing.

TELFERSCOT CONSOLIDATION RESOLUTION

BE IT RESOLVED as a special resolution that:

1. the issued and outstanding common shares in the capital of Telferscot Resources Inc. (the “**Company**”) be consolidated on the basis of 1 post-consolidation common share for every 200 common shares currently issued and outstanding (the “**Consolidation**”);
2. no fractional shares shall be issued upon the Consolidation, and each fractional common share that is less than one (1) post-Consolidation common share will be rounded to the next whole number and no cash or other consideration shall be paid or payable in lieu of such fraction;
3. notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further approval of the shareholders of the Company, at any time prior to the Consolidation, to not proceed with the Consolidation or otherwise give effect to these resolutions;
4. the effective date of such Consolidation shall be the date shown in the certificate of amendment; and
5. any officer or director of the Company is hereby authorized and directed for and on behalf of and in the name of the Company, under the seal of the Company or otherwise, to execute and deliver articles of amendment to effect the foregoing resolutions with the Registrar of Corporations for the Province of Alberta and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the forgoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any such action.

TELFERSCOT CHANGE OF NAME RESOLUTION

BE IT RESOLVED as a special resolution that:

1. the board of directors be and is hereby authorized to change the name of Telferscot Resources Inc. (the "**Company**") to "Canntab Therapeutics Limited" or whatever name that it in its sole discretion determines is appropriate and which any regulatory body having jurisdiction may accept;
2. notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further approval of the shareholders of the Company, at any time prior to the Consolidation, to not give effect to these resolutions; and
3. any officer or director of the Company is hereby authorized and directed for and on behalf of and in the name of the Company, under the seal of the Company or otherwise, to execute and deliver articles of amendment to effect the foregoing resolutions with the Registrar of Corporations for the Province of Alberta and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any such action.

TELFERSCOT ANCILLARY RESOLUTION

BE IT RESOLVED as an ordinary resolution that:

1. If the Amalgamation is completed the number of directors to be elected be fixed at five (5) members;
2. if the Amalgamation is completed Jeff Renwick, Richard Goldstein, Barry M. Polisuk, Sheldon Inwentash and Vitor Fonseca are elected as directors of Telferscot, to hold office until the next annual general meeting of Telferscot or until their successors are elected or appointed;

SCHEDULE B

FORM OF CANNTAB RESOLUTION

BE IT RESOLVED as a special resolution that:

1. the amalgamation (the "**Amalgamation**") under Section 174 of the *Business Corporations Act* (Ontario) (the "**OBCA**") involving Telferscot Resources Inc. ("**Telferscot**"), Canntab Therapeutics Limited (the "**Company**") and 2597905 Ontario Ltd., a wholly-owned subsidiary of Telferscot, pursuant to the terms and conditions contained in the amalgamation agreement (the "**Amalgamation Agreement**") dated January 12, 2018 (as the same may be or has been modified or amended), in substantially the form attached as Schedule D to the Company's information circular is hereby authorized and approved;
2. the execution and delivery by the Company of the Amalgamation Agreement, substantially in the form attached as Schedule D to the Company's information circular is hereby authorized and approved, and the Amalgamation is hereby adopted;
3. any officer or director of the Company is hereby authorized and directed, on behalf of the Company, to execute and deliver the articles of the amalgamated entity to the director appointed under the OBCA with respect to the Amalgamation;
4. notwithstanding that this special resolution has been passed (and the Amalgamation Agreement adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further approval of the shareholders of the Company at any time prior to the issuance by the director under the OBCA of a certificate of amalgamation in respect of the Amalgamation (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) not to proceed with the Amalgamation to the extent permitted by the Amalgamation Agreement or otherwise give effect to these resolutions; and
5. any officer or director of the Company is hereby authorized and directed for and on behalf of and in the name of the Company to execute, under the seal of the Company or otherwise, and to deliver, all documents, agreements and instruments and to do all such other acts and things, including delivering such documents as are necessary or desirable to the director appointed under the OBCA for filing in accordance with the Amalgamation Agreement, as such officer or director, may deem necessary or desirable to implement the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or doing of any such act or thing.

SCHEDULE C

PROPOSED SPIN OUT TRANSACTION

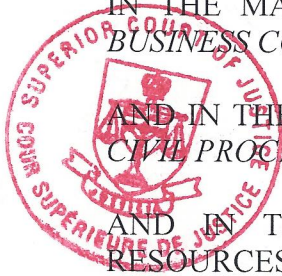


**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED

AND IN THE MATTER OF AN APPLICATION UNDER RULE 14.05 OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF TELFERSCOT RESOURCES INC.



(Court Seal)

TELFERSCOT RESOURCES INC.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on March 26, 2018 at 10 a.m. or as soon after that time as the application may be heard at 330 University Avenue, Toronto, Ontario..

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date Feb 13, 2018 Issued by Magnusson
Local Registrar

Address of 330 University Avenue 7th Floor
court office: Toronto ON M5G 1R7

- TO: ALL SHAREHOLDERS OF TELFERSCOT RESOURCES INC.
- AND TO: THE DIRECTORS OF TELFERSCOT RESOURCES INC.
- AND TO: THE AUDITOR OF TELFERSCOT RESOURCES INC.
- AND TO: THE DIRECTOR APPOINTED UNDER THE *CANADA BUSINESS CORPORATIONS ACT*

APPLICATION

THE APPLICANT, TELFERSCOT RESOURCES INC., MAKES APPLICATION FOR:

1. An order abridging the time and dispensing with the requirements for service of the application materials therein.
2. An interim order for advice and directions under section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, s. C-44, as amended (the “CBCA”) in connection with a proposed arrangement (the “Arrangement”) of Telferscot Resources Inc. (“Telferscot”).
3. A final order approving the Arrangement, pursuant to subsections 192(3) and (4) of the CBCA.
4. Such further and other relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE APPLICATION ARE:

5. Telferscot is a corporation incorporated pursuant to the CBCA, with its shares listed and traded on the Canadian Securities Exchange.
6. Among other events, pursuant to the Arrangement, Telferscot will transfer certain of its assets to seven “spin out” corporations (“SpinCo1”, “SpinCo2”, “SpinCo3”, “SpinCo4”, “SpinCo5”, “SpinCo6” and “SpinCo7”) in consideration for a stipulated number of shares from each of the seven “spin out” corporations. The authorized share capital of Telferscot will then be altered by changing the name of existing Telferscot shares and creating new classes of common and preferred shares. The prior existing Telferscot shares will be exchanged for the new common shares and new preferred shares of Telferscot and the prior

existing Telferscot shares will be cancelled and the aggregate paid up capital of the prior existing shares will be allocated between the new common and preferred shares so that the aggregate paid up capital of the new shares of Telferscot will be equal to the aggregate fair market value of the distributed “spin out” corporation shares and then new shares will then be so issued. Telferscot will then redeem the new preferred shares for the distributed “spin out” corporations’ shares at stipulated exchange factors and the articles of Telferscot will be amended to reflect the changes to its authorized share structure.

7. The Arrangement is fair and reasonable.
8. Section 192 of the CBCA.
9. Certain of the holders of common shares in the capital of Telferscot and other interested persons are resident outside of Ontario and will be served at their addresses as they appear on the books and records of Telferscot pursuant to rule 17.02(n) of the *Rules of Civil Procedure* and/or pursuant to the terms of any Interim Order this Court may grant.
10. Section 3(a)(10) of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), exempts from the registration requirements of the U.S. Securities Act those securities which are issued in exchange for *bona fide* outstanding securities, claims or property interests, or partly in exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved after a hearing by a court upon the fairness of such terms and conditions, at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear. Based on the Court’s approval of the Arrangement, Telferscot intends to rely upon the exemption under section 3(a)(10) of

the U.S. Securities Act to issue New Shares (as defined in the Plan of Arrangement) to holders of common shares in the capital of Telferscot who are resident in the United States.

11. Rules 14.05(2) and (3), 17.02 and 38 of the *Rules of Civil Procedure*.
12. National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer, of the Canadian Securities Administrators.
13. Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

14. Affidavit(s) to be sworn on behalf of Telferscot, with exhibits thereto.
15. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

February 1³/₂, 2018

GARDINER ROBERTS LLP
Lawyers
Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 3600
Toronto ON M5H 4E3

Tim Duncan (61840S)
tduncan@grllp.com

Tel: (416) 865-6682
Fax: (416) 865-6636

Lawyers for the Applicant,
Telferscot Resources Inc.

RCP-E 14E (March 31, 2010)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED
AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE,
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF TELFERSCOT RESOURCES INC.
Telferscot Resources Inc., Applicant

Court File No.

CV-18-592032-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

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RCP-E-4C (May 1, 2016)



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 21ST
JUSTICE *Hainey*)
) DAY OF FEBRUARY, 2018
)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED

AND IN THE MATTER OF AN APPLICATION UNDER RULE 14.05 OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF TELFERSCOT RESOURCES INC.

(Court Seal)

TELFERSCOT RESOURCES INC.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Telferscot Resources Inc. ("**Telferscot**"), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "**CBCA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on February 12, 2018 and the affidavit of Stephen Coates sworn February 15, 2018, (the "**Coates Affidavit**"), including the Arrangement Agreement, which is attached as Schedule "B" to the draft

management proxy circular of Telferscot (the “**Information Circular**”), which is attached as Exhibit “A” to the Coates Affidavit, and on hearing the submissions of counsel for Telferscot and on being advised that the Director appointed under the CBCA (the “**Director**”) does not consider it necessary to appear.

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that Telferscot is permitted to call, hold and conduct a special meeting (the “**Meeting**”) of the holders of voting common shares (the “**Shareholders**”) in the capital of Telferscot to be held at the offices of Gardiner Roberts LLP, Suite 3600, 22 Adelaide Street West, Toronto, Ontario on Thursday, March 22, 2018 at 10:00 a.m. (Toronto time) in order for the Shareholders to consider and, if determined advisable, pass special and ordinary resolutions authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the “**Arrangement Resolution**”).

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the “**Notice of Meeting**”) and the articles and by-laws of Telferscot, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the “**Record Date**”) for determination of the shareholders entitled to notice of, and to vote at, the Meeting shall be February 16, 2018.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;
- b) the officers, directors, auditors and advisors of Telferscot;
- c) the Director; and
- d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Telferscot may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Telferscot and that the quorum at the Meeting shall be not less than two persons, holding in the aggregate at least 5% of the outstanding common shares in the capital of Telferscot, present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that Telferscot is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or

supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Telferscot may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that Telferscot is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemented, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that Telferscot, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such

adjournment or postponement shall be given by such method as Telferscot may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, Telferscot shall send the Information Circular (including the Notice of Application and this Interim Order, collectively the “**Court Materials**”), the Notice of Meeting and the form of proxy, along with such amendments or additional documents as Telferscot may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “**Meeting Materials**”), to the following:

- a) the registered Shareholders as at 5:00 p.m. (Toronto Time) on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Telferscot, or its registrar and transfer agent, as at 5:00 p.m. (Toronto Time) on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Telferscot;
 - ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

- iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Telferscot, who requests such transmission in writing and, if required by Telferscot, who is prepared to pay the charges for such transmission;
- b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- c) the respective directors and auditors of Telferscot, and to the Director appointed under the CBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that accidental failure or omission by Telferscot to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Telferscot, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Telferscot, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

14. **THIS COURT ORDERS** that Telferscot is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as Telferscot may determine in accordance with the terms of the Arrangement Agreement (the “**Additional Information**”), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, by email to the Shareholders, or by the method most reasonably practicable in the circumstances, as Telferscot may determine.

15. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

16. **THIS COURT ORDERS** that Telferscot is authorized to use the proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as Telferscot may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. Telferscot is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Telferscot may waive generally, in its

discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Telferscot deems it advisable to do so.

17. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s.148(4)(a)(i) of the CBCA: (a) may be deposited at the registered office of Telferscot or with the transfer agent of Telferscot as set out in the Information Circular; and (b) any such instruments must be received by Telferscot or its transfer agent not later than 5:00 p.m. (Toronto Time) on the second last business day immediately preceding the Meeting (or any adjournment or postponement thereof).

Voting

18. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold voting common shares of Telferscot as at 5:00 p.m. (Toronto Time) on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

19. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per common share of Telferscot and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

- (i) an affirmative vote of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders.

Such votes shall be sufficient to authorize Telferscot to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

20. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Telferscot (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each voting common share held.

Dissent Rights

21. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 190 of the CBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 190(5) of the CBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Telferscot in the form required by section 190 of the CBCA and the Arrangement Agreement, which written objection must be received by Telferscot not later than 5:00 p.m. (Toronto Time) on the second last business day immediately preceding the Meeting (or any adjournment or postponement thereof), and must otherwise strictly comply

with the requirements of the CBCA. For purposes of these proceedings, the “court” referred to in section 190 of the CBCA means this Honourable Court.

22. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 21 above and who:

- i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its voting common shares, shall be deemed to have transferred those voting common shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Telferscot for cancellation in consideration for a payment of cash from Telferscot equal to such fair value; or
- ii) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its voting common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Telferscot or any other person be required to recognize such Shareholders as holders of voting common shares of Telferscot at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from Telferscot’s register of holders of voting common shares at that time.

Hearing of Application for Approval of the Arrangement

23. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Telferscot may apply to this Honourable Court for final approval of the Arrangement.

24. **THIS COURT ORDERS** that distribution of the Court Materials in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Court Materials and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 25 of this Interim Order.

25. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Telferscot as soon as reasonably practicable, and, in any event, no less than five days before the hearing of this Application at the following addresses:

GARDINER ROBERTS LLP
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Toronto ON M5H 4E3

Kathleen Skerrett
kskerrett@grllp.com

Tel: 416-865-6660
Fax: 416-865-6636

Lawyers for the Applicant, Telferscot Resources Inc.

26. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) Telferscot;
- ii) the Director ; and
- iii) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

27. **THIS COURT ORDERS** that any materials to be filed by Telferscot in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

28. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 25 shall be entitled to be given notice of the adjourned date.

Precedence

29. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the voting common shares or the articles or by-laws of Telferscot, this Interim Order shall govern.

Extra-Territorial Assistance

30. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the

United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

31. **THIS COURT ORDERS** that Telferscot shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

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PER / PAR:

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED
AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE,
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Telferscot Resources Inc., Applicant

Court File No. CV-18-592032-00CL

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Lawyers for the Applicant,
Telferscot Resources Inc.

APPENDIX “E”

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

Right to dissent

190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
- (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Schedule "F"
to the Management Information Circular

INFORMATION CONCERNING TELFERSCOT

The following information is provided by Telferscot, is presented on a pre-amalgamation basis and is reflective of the current business, financial and share capital position of Telferscot. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information relating to the Resulting Issuer.

NAME AND INCORPORATION

Telferscot's full corporate name is Telferscot Resources Inc. having its registered and principal place of business at Suite 2702, 401 Bay Street, Toronto ON M5H 2Y4.

Telferscot was incorporated pursuant to the Canada Business Corporations Act as Telferscot Resources Inc. on May 31, 2010. On August 6, 2010, Telferscot amended its articles to add restrictions on the transfer of shares and to allow directors to appoint one or more director, to hold office for a term expiring not later than the close of the next annual general meeting and not to exceed one-third of the number of directors elected at the previous annual general meeting of shareholders. On December 17, 2010, Telferscot amended its articles to subdivide its common shares. On September 25, 2013, Telferscot amalgamated with 8549150 Canada Inc.

GENERAL DEVELOPMENT OF THE BUSINESS

In July 2011, Telferscot acquired an initial interest of 17% in the Kolwezi Project ("**KCC**") through its acquisition of 1830953 Ontario Inc. Telferscot had a right to increase its ownership in the exploration project to 60% through the expenditure of a further CAD \$4 million prior to September 2013. Exploration expenditures increased Telferscot's ownership position in KCC to approximately 44.9% by December 31, 2012 and 47.4% by April 30, 2013, the date of cessation of funding.

On June 4, 2013, Telferscot announced it had entered into a binding agreement with a new investor, Ivory Mines Investments Limited ("**Ivory**"), to provide USD \$20,000,000 of funding to advance the Kolwezi Project. As part of the agreement, Telferscot waived its rights to increase its ownership interest in the Kolwezi Project under the terms of its original agreement as long as Ivory's facility was in place. Accordingly, Telferscot was no longer required to provide any funding for the project. As a result of the Ivory agreement and related finders' fees, Telferscot's interest in the project was diluted to 10.4%.

With a new direction to be undertaken by Telferscot as a result of the Ivory transaction, management approached Telferscot's largest shareholder, Allied Link Holdings Inc. ("**ALH**"), with a proposal whereby ALH would exchange its shares of Telferscot for an equivalent percentage of Telferscot's stake in the Kolwezi Project. This share exchange transaction was approved by shareholders at Telferscot's Annual General Meeting in August 2013 and completed on October 23, 2013. The transaction had the following terms: ALH held 12,237,200 common shares of Telferscot, representing 28.8% of the then-outstanding 42,512,200 common shares. Telferscot transferred 28.8% of its 10.4% interest in KCC, or 3.0%, to ALH. In consideration for the transfer of this interest, ALH surrendered its entire shareholding position in Telferscot for cancellation, reducing the number of issued and outstanding common shares of Telferscot to 30,275,000. The carrying value of Telferscot's investment in KCC was reduced by 28.8%, or \$104,215, with a corresponding reduction in share capital.

Subsequent to the share exchange transaction, Telferscot held a 7.4% interest in KCC.

On November 11, 2015, Telferscot announced that it had entered into a letter of intent to sell its 2,775 common shares or approximately 7.4% interest in Kolwezi Copper Corp. (“KCC”) for USD \$854,700 (the “Sale”). The Sale closed in two tranches. The first tranche of 575 KCC shares closed coincident with the execution of a definitive agreement on January 11, 2016. The second tranche of 2,200 KCC shares closed, following shareholder approval, on March 2, 2016. Following the completion of the Sale, Telferscot undertook a return of capital. Shareholders could elect to receive a cash payment of \$0.0145 per share or to reinvest the payment to acquire further shares at \$0.005 per share. The return of capital was completed in April of 2016 on the distribution of \$651,078 and the issuance of 44,581,961 common shares.

On November 23, 2017 Telferscot entered into a letter of intent with Canntab, which was superceded and replaced by the Amalgamation Agreement dated January 12, 2018, among Telferscot, Canntab and Subco, whereby Canntab will amalgamate with Subco and shareholders of Canntab will receive post-Consolidated Resulting Issuer Shares in exchange for their Canntab Shares; this will result in the shareholders of Canntab controlling Telferscot by way of a reverse take-over. Details of the Acquisition and the Arrangement are described under the headings “Matters To Be Acted Upon At the Meeting - 1. The Arrangement and 4. The Acquisition.”

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MD&A OF TELFERSCOT

Telferscot was incorporated in Canada under the *Canada Business Corporations Act* and has a fiscal year end of December 31. The following table presents certain selected financial data of Telferscot for the years ended December 31, 2016, 2015 and 2014 and of Telferscot for the nine month period ended September 30, 2017. The selected financial information has been derived from Telferscot’s audited consolidated financial statements for the years ended December 31, 2016, December 31, 2015 and December 31, 2014 and from Telferscot’s unaudited consolidated interim financial statements for the nine months ended September 31, 2017. Telferscot’s financial statements are available for review on SEDAR and are incorporated herein by reference and were prepared in accordance with IFRS.

	Nine month period ended	Year Ended		
	September 30, 2017 (\$)	December 31, 2016 (\$)	December 31, 2015 (\$)	December 31, 2014 (\$)
Total Revenues	\$0.00	\$942,355	\$0.00	\$0.00
Income or Loss before Discontinued Operations & Extraordinary Items	(\$147,790)	\$519,777	(\$173,840)	(\$178,532)
Net Loss in total	(\$147,790)	(\$405,110)	\$751,047	(\$178,532)
Basic and Diluted Loss per Share	(0.0013)	0.006 / 0.005	(0.004)	(0.005)
Total Assets	\$4,488	\$17,062	\$1,343,058	\$282,142
Total Long Term Liabilities	\$0.00	\$0.00	\$0.00	\$0.00
Cash dividends declared per share	\$0.00	\$0.00	\$0.00	\$0.00

Quarterly Information

The following is selected financial data from Telferscot's unaudited consolidated quarterly financial statements for the last eight quarters ending with the most recently completed quarter, September 30, 2017.

	Three Months Ended (\$)			
	Q3	Q2	Q1	Q4
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Financial results:				
Net (loss) profit for the period	(\$42,099)	(\$69,212)	(\$36,484)	\$(140,625)
Basic and diluted loss per share	(\$0.0004)	(\$0.0006)	(\$0.0003)	\$0.0190
Balance sheet data:				
Cash	\$1,561	\$5,807	\$12,519	\$15,562
Total assets	\$4,488	\$9,948	\$13,019	\$17,062
Shareholders' Equity (deficit)	(\$112,948)	(\$70,853)	(\$101,642)	\$(65,158)
	Q3	Q2	Q1	Q4
	Sept 30, 2016	June 30, 2016	March 31, 2016	Dec 31, 2015
Financial results:				
Net (loss) profit for the period	\$(96,898)	\$(120,286)	\$(47,301)	\$876,350
Basic and diluted loss per share	\$(0.0010)	\$(0.0010)	\$(0.0008)	\$(0.0016)
Balance sheet data:				
Cash	\$35,075	\$87,584	\$899,744	\$110,693
Total assets	\$37,575	\$142,148	\$952,464	\$1,343,058
Shareholders' Equity (deficit)	\$24,685	\$121,583	\$892,947	\$940,228

MANAGEMENT'S DISCUSSION AND ANALYSIS

Telferscot's Management Discussion and Analysis for the nine month period ended September 30, 2017 and for the years ended December 31, 2016, 2015 and 2014 are available on SEDAR and are incorporated herein by reference.

TRENDS

Other than as herein disclosed, Telferscot is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon Telferscot's future revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to not be indicative of future operating results or financial condition.

DESCRIPTION OF SECURITIES

The authorized capital of Telferscot consists of an unlimited number of Shares without par value. The holders of Telferscot Shares are entitled to dividends, if, as and when declared by the Board, entitled to one vote per share at meetings of the Telferscot Shareholders and, upon dissolution, entitled to share equally in such assets of Telferscot as are distributable to the holders of Telferscot Shares.

Telferscot currently has 125,000,000 Telferscot Shares outstanding. Following the complete of the Arrangement and the Consolidation, but immediately prior to the completion of the Acquisition, Telferscot will have 625,000 Resulting Issuer Shares outstanding.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions, which are capable of requiring a security holder to contribute additional capital.

CONSOLIDATED CAPITALIZATION

Shares

The following table sets forth the share capital of Telferscot as at September 30, 2017 and as of February 21, 2018:

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of September 30, 2017	Amount Outstanding as of February 21, 2018
Shares	Unlimited	114,856,961	125,000,000

Stock Options

As of February 21, 2018, no stock options or warrants are outstanding.

PRIOR SALES

Telferscot has not sold any securities within the 12 months prior to the date of the Management Information Circular other than:

Date Issued	Class of Security	Number of Common Shares Issued/Issuable	Price/ Exercise Price
May 11, 2017	Common Shares	10,000,000	\$0.01
February 8, 2018	Common Shares	10,143,039	\$0.00714 on exercise of options

STOCK EXCHANGE PRICE

The Shares are listed for trading on the CSE. The following table sets forth the high, low and closing prices and volumes of the Shares as traded on the CSE for the periods indicated:

Period	High (\$)	Low (\$)	Close (\$)	Total Volume
Part Month ending January 31, 2018 ⁽¹⁾	0.12	0.035	0.055	47,087,559
Month ending December 31, 2017	0.055	0.01	0.035	65,841,748
Month ending November 30, 2017	0.05	0.005	0.015	18,446,064
Month ending October 31, 2017	0.01	0.005	0.01	334,000
Quarter ending September 30, 2017	0.02	0.01	0.01	666,542
Quarter ending June 30, 2017	0.025	0.015	0.02	1,832,915
Quarter ending March 31, 2017	0.01	0.005	0.01	3,011,935
Quarter ending December 31, 2016	0.015	0.005	0.01	2,027,031

Period	High (\$)	Low (\$)	Close (\$)	Total Volume
Quarter ending September 30, 2016	0.045	0.005	0.005	2,358,937
Quarter ending June 30, 2016	0.015	0.005	0.015	4,007,460
Quarter ending March 31, 2016	0.01	0.005	0.01	1,226,284

Note:

(1) Telferscot shares have been halted from trading as a result of the announcement of the amalgamation on January 15, 2018.

EXECUTIVE COMPENSATION

Telferscot executive compensation disclosure in Form 51-102F6 is available on SEDAR and is incorporated herein by reference.

STOCK OPTION PLAN

On November 18, 2010, the directors of Telferscot adopted a Stock Option Plan (the “**Plan**”), which was approved by the shareholders of Telferscot on November 18, 2010, to encourage common share ownership in Telferscot by directors, officers, key employees and consultants of Telferscot from time to time. The Plan provides that eligible persons thereunder include any director, employee (full-time or part-time), officer or consultant of Telferscot or any subsidiary thereof. A consultant means an individual (including an individual whose services are contracted through a personal holding company) with whom Telferscot or a subsidiary has a contract for substantial services. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares from time to time.

Pursuant to the Plan, the options are not transferable other than by will or the laws of descent and distribution, the option price to be such price as is fixed by the Plan’s administrator but shall be not less than the closing price of Telferscot’s common shares on the date prior to the date of grant less any discount normally allowed and payment thereof shall be made in full on the exercise of the options. The terms of the options may not exceed five (5) years and shall be subject to earlier expiry upon the termination of employment. If an optionee ceases to be an eligible person for any reason whatsoever other than death, the optionee may exercise the options until the earlier of a period not exceeding three (3) months following the date that the optionee ceases to be an eligible person and the original option expiry date. If an optionee dies, the legal representative of the optionee may exercise the optionee’s options until the earlier of one (1) year after the date of the optionee’s death and the original option expiry date. The Plan also contains anti-dilution provisions usual to plans of this type.

Telferscot will not provide any optionee with financial assistance in order to enable such optionee to exercise stock options granted under the Plan. Telferscot has no other compensation plans or arrangements in place and none are currently contemplated.

As of the date of the Management Information Circular, there are no stock options outstanding under the Plan and 12,500,000 options available for grant:

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of Telferscot or the Telferscot Subsidiaries or their respective associates or affiliates, are or have been indebted to Telferscot or the Telferscot Subsidiaries since the date of incorporation of Telferscot.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No Insider of Telferscot and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of Telferscot's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect Telferscot or any of the Telferscot Subsidiaries, other than as disclosed above under the headings "Executive Compensation" and "Stock Option Plan".

LEGAL PROCEEDINGS

Other than the Auxico Litigation, there are no legal proceedings material to Telferscot to which Telferscot is a party or of which any of its property is the subject matter and Telferscot does not know of any pending legal proceedings.

MANAGEMENT CONTRACTS

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

ADDITIONAL INFORMATION

Additional information relating to Telferscot may be found on SEDAR at www.sedar.com.

AUDITOR

MNP LLP is the auditor of Telferscot. MNP LLP's offices are located at 701 Evans Avenue, 8th Floor, Toronto ON, M9C 1A3.

TRANSFER AGENT AND REGISTRAR

Capital Transfer is Telferscot's registrar and transfer agent. Transfers of the securities of Telferscot may be recorded at registers maintained by the Transfer Agent in Toronto.

MATERIAL CONTRACTS

Telferscot is party to the following material contracts, excluding contracts entered into in the ordinary course of business:

1. The Amalgamation Agreement – more particularly described under the heading "Matters To be Acted Upon – 4. The Acquisition – The Amalgamation Agreement" and elsewhere in the Circular.
2. Arrangement Agreement – more particularly described under the heading "Matters To be Acted Upon – 1. The Arrangement – The Arrangement Agreement" and elsewhere in the Circular..

Copies of these agreements may be inspected without charge during regular business hours at the offices of Telferscot and may also be found on SEDAR at www.sedar.com.

**Schedule “G”
to the Management Information Circular**

INFORMATION CONCERNING CANNTAB

The following information is presented on a pre-Acquisition basis and is reflective of the current business, financial and share capital position of Canntab. See Schedule “H” - “Information Concerning The Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer.

NAME AND INCORPORATION

Canntab Therapeutics Limited (“Canntab”) was incorporated pursuant to the *Business Corporations Act* (Ontario) on April 20, 2016. On January 17, 2017, Canntab amended its articles to change the restrictions on the transfer of shares. Canntab has its registered office at be 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9.

GENERAL DEVELOPMENT OF THE BUSINESS

Canntab is a Canadian Cannabis Oral dosage formulation company based in Markham Ontario, engaged in the research and development of therapeutic formulations of cannabinoids. Canntab was established in 2016 based on innovative technologies developed and licenced from CMAX Technologies Inc. Canntab has developed in-house technology to deliver standardized medical cannabis extract from selective strains in a solid extended release pharmaceutical dosage. Its product, XR tablets, delivers cannabinoids through the blood stream and is available in different dosages for extended time release. The formulation and prototype has been developed by the management team.

The Extended Release Tablet (“XR” or the “XR Tablet”) is a proprietary phytocannabinoid vehicle that is designed to directly address the drawbacks and challenges of competing oral delivery systems. These challenges include, but not limited to:

- accuracy of dosing,
- onset times,
- duration of action,
- bioavailability,
- discreetness of consumption,
- ease of spoilage; and
- the reduction of side effects;

and are all directly addressed by the unique formulation of the XR Tablet. The XR Tablet is designed to contain either THC, CBD, or a combination of THC/CBD (depending on the composition of the medicine), permitting it to meet the demands of a broader patient base than the current synthetic-THC based pills in the market today.

Intellectual property underpins the value of XR Tablets in the form of four international patent applications already filed. Canntab is rapidly moving toward the commercialization phase by partnering with a best-in-class licensed producer of medicinal cannabis in Canada and gearing up for its first series of pre-clinical trials.

History

Canntab is a researcher, developer, and prospective manufacturer of advanced Cannabinoid delivery systems that have been explicitly designed for the medical community. Canntab's objective is to have its products, that address the clear shortcomings of competing delivery methods, become the predominant solution for patients that require medical Cannabis to assuage their symptoms and provide relief. Canntab has developed a pool of patents that have been filed in both the United States and Canada that form the basis of its first product, the XR Tablet™, that it intends to manufacture and distribute in legal medical cannabis jurisdictions including: Canada, select states within the United States, Australia, and Germany, among others.

Corporate History and Major Milestones

- *April 20, 2016*, Canntab is incorporated in the province of Ontario.
- *June 2016*, Canntab develops multiple pre-formulations and produces the alpha version of its first product, the XR Tablet.
- *September 2016*, Canntab files the first patent in its current portfolio. The patent covers the XR Tablet's 'Sustained Release Cannabinoid Formulations' that provides for longer relief from a single dosage.
- *January/February 2017*, Canntab files a series of patents that underpin the key features in the XR Tablet that allows it to stand out from other delivery methods. These patents include "Flash-Melt Cannabinoid Formulations" for quicker onset and an expansion of Canntab's "Sustained Release Cannabinoid Formulations" among others.
- *February 2017*, Canntab completes the private placement offering for gross proceeds of \$1,413,000.
- *October 2017*, Canntab executes a Collaboration and License Agreement with Emblem Cannabis Corporation to collaborate on the preclinical formulation, clinical development, regulatory approval, manufacturing and commercialization of the XR Tablet.
- *November 2017*, Canntab entered into letter of intent with Telferscot, whereby Canntab will amalgamate with Numco and shareholders of Canntab will receive post-Consolidated common shares of Telferscot in exchange for their shares in Canntab; this will result in the shareholders of Canntab controlling the Issuer by way of a reverse take-over.
- *December 2017*, Canntab completes a private placement for gross proceeds of \$5,007,656.

Collaboration and License Agreement

On October 3, 2017, Canntab entered into an exclusive marketing and sale license agreement with Emblem Cannabis Corporation, a Licensed Producer (the "Licensed Producer") for the Canadian market

(the “License Agreement”). The following is a brief summary of the salient terms of the License Agreement:

- the License Agreement is for an initial term of 5 years and shall be automatically renews thereafter for renewal terms of one year each.
- the License Agreement applies to proprietary Canntab products being oral sustained release tablet formulations of cannabinoids developed using the licensed Patents or Licensed Know-How (the “Product”).
- Canntab shall have the sole right to manufacture the Product.
- The raw materials (cannabis and cannabis oil) required to manufacture the Product shall be provided to Canntab free of charge by the Licensed Producer.
- The Licensed Producer purchase the products manufactured by Canntab at Canntab’s cost plus 15%.
- The Licensed Producer is responsible for all regulatory costs to obtain the required approvals to sell the Product in Canada at the Licensed Producer’s sole cost and expense.

Milestone Payments.

Canntab will be entitled to the following milestone payments:

- \$200,000 upon execution of the License Agreement;
- \$200,000 within forty-five (45) days following the development extended-release cannabis tablets acceptable to the Licensed Producer acting reasonably-on the basis of in-vitro dissolution data;
- \$200,000 within forty-five (45) days following reasonably acceptable results from a stability study and an in-vivo bio-availability study confirming the Product provides “extended release”. This in vivo study will involve 12 people and blood sampling over 12 hours;
- \$200,000 each upon the Licensed Producer being approved to sell pharmaceutically acceptable formulations of each of the three extended-release cannabinoid tablet formulations (high HTC, balanced THC/CBD and high CBD) of the Second Products by Health Canada;

Royalty Payments

Canntab shall be entitled to the following royalty payments:

- 10.0% of Gross Sales the Licensed Producer receives from sale of each Product in the Territory on sales up to and including \$15.0 million per year and 15% of Gross Sales on sales exceeding \$15.0 million per year.
- The Licensed Producer shall be the exclusive licensee in the Territory providing that the Licensed Producer meets the following royalty payment thresholds:
 - First 12 months following first Commercial Sale: \$300,000.00.

- Second 12 months following first Commercial Sale: \$1,200,000.00.
- Third 12 months following first Commercial Sale and all subsequent 12 month periods: \$2,100,000.00.

If any of these thresholds are not met then the Licensed Producer shall have the option of making up the difference between the royalty-based payments and the thresholds. If the thresholds are not met and the Licensed Producer does not at its sole discretion make up the difference between the royalty-based payments and the thresholds, then the License shall at Canntab's sole option terminate or Canntab may designate the Licensed Producer as a non-exclusive licensee of the Patents and the Licensed Know-How. In either event Canntab may thereafter itself sell the Products or otherwise exercise the Patent and Know-How Rights without restriction or license any number of third parties to sell the Products or otherwise exercise the Patent and Know-How Rights without restriction.

Copies of the License Agreement will be made available upon request from at the offices of Garfinkle Biderman LLP.

Management and Leadership

Canntab's leadership is comprised of multi-decade industry veterans from the biotechnology and pharmaceutical industries who have a successful track record of developing and commercializing new drug formulations and product categories. The novel nature of the XR Tablet and the legal and financial complexities behind the manufacturing and global distribution of Cannabinoids, demands a leadership team that brings global experience and an intimate knowledge of the hurdles and timelines that will guide Canntab from patent filings to profitability. To directly address this, Canntab has assembled a group of established leaders and operators from the industry who can allow Canntab to achieve its strategic vision of being the de facto delivery vehicle of choice for patients. The current leadership team as of May, 2017 is comprised of:

- Jeff Renwick, CEO/Director – Jeff is the current CEO of Canntab and the lead innovator behind Canntab's key patent filings. Jeff's identification of the major failings produced by current Cannabinoid delivery methods led him to develop a suite of patents that underpin Canntab's potential value. Jeff brings extensive experience in both drug formulation, business development, and monetization, from his time in business development at Indukern Chemie AG and his role as the former President and CEO of Orbus Pharma.
- Richard Goldstein, CFO/Director – Richard is the founder of First Republic Capital and the former EVP and Head of Investment Banking at Standard Securities. Richard has led and participated in the financing of numerous legal Cannabis companies providing him with a unique knowledge of the financial challenges in the industry, particularly as they pertain to taxation and cash management. Richard holds an MBA in finance from McMaster's DeGroote School of Business.
- Gavin Bogle, Patent and Trademark Counsel – Gavin brings to Canntab over 20 years of legal experience working in biotechnology, pharma, and their supporting ancillary industries. Gavin has extensive cross-border transactional experience including the structuring of intellectual property licensing agreements.

- Barry Polisuk, Corporate Secretary/Director/Chairman – Barry has been a partner with Garfinkle Biderman since 1997 and specializes in secured lending, real estate, and securities law. Barry represents a number of financial institutions including banks and trust companies, as well as private lenders, and has acted on behalf of issuers in IPOs, RTOs, and private placement transactions.
- Robert Lefler, Director of Operations – Robert brings over 25 years of experience in the manufacturing of active pharmaceutical ingredients (API) and Finished Doses. Robert specializes in optimizing processes to allow for rapid scaling of production and has been credited with the development of 40 proprietary consumer products.
- Vitor Fonseca, Director – Vitor is the Vice President and Treasurer of the Rompsen Investment Corporation and is the current Audit Committee Chair of Mission Ready Services. Prior to joining Canntab, Vitor was the former Audit Committee Chair of Enwave Energy Corporation.
- Sheldon Inwentash, Director – Sheldon is the current CEO, Chair, and Founder of ThreeD Capital Inc., a publicly traded Canadian venture capital firm focused on investments in junior resources, technology, and biotechnology markets. He is the former CEO and Chair of Pinetree Capital Ltd. and Mega Uranium Ltd.

Description of Intellectual Property

Canntab’s intellectual property portfolio consists of both patents and trademarks that have been filed in both the United States and Canada. Canntab’s patent portfolio currently consists of 4 patents and 3 patents under review that cover the key differentiated features of the XR Tablet that allow it to directly address the issues found in other orally administered solutions. These patents also include proprietary formulations for specific ailments including the use of medical Cannabis for the treatment addiction

In addition to patents, Canntab has eight trademark applications in the United States and Canada that cover four potential trade names for the XR Tablet.

Product Feature Patents

1. SUSTAINED RELEASE CANNABINOID FORMULATIONS
 - I. Filed September 27, 2016
 - II. Serial No. 62/400,216
2. SUSTAINED RELEASE CANNABINOID FORMULATIONS
 - I. Filed January 23, 2017
 - II. Serial No. 62/449,377
3. IMMEDIATE RELEASE CANNABINOID FORMULATIONS
 - I. Filed January 23, 2017
 - II. Serial No. 62/449,395

4. FLASH-MELT CANNABINOID FORMULATIONS

- I. Filed February 5, 2017
- II. Serial No. 62/454,830

In review:

- 1. BI-LAYER IMMEDIATE RELEASE AND EXTENDED RELEASE CANNABIS DOSAGE FORMS
- 2. SUSTAINED AND B-PHASIC RELEASE CANNABINOID FORMULATIONS FOR THE TREATMENT OF ADDICTION
- 3. SUSTAINED AND BI-PHASIC RELEASE CANNABINOID FORMULATIONS FOR THE TREATMENT OF PAIN

Trademarks

- 1. “The Little Green Pill”
 - I. United States Application No. 87237503
 - II. Canadian Application No. 1809555
- 2. “The Little Green Tablet”
 - I. United States Application No. 87237557
 - II. Canadian Application No. 1809566
- 3. “Sandman XR”
 - I. United States Application No. 87336413
 - II. Canadian Application No, 1822949
- 4. “Nytnite”
 - I. United States Application No. 87336422
 - II. Canadian Application No. 1822952

Commercialization

The manufacture and sale of products containing Cannabinoids presents numerous challenges concerning their commercialization both in terms of reaching prospective patients and ensuring the efficient deployment of capital. Restrictions on their import/export across not only national borders, but also sub-national borders, raises issues about where to establish manufacturing facilities and at what scale. Moreover, different markets have set their own unique restrictions concerning ownership of facilities, appointment of officers and directors, as well as residency requirements for market participants. Unique tax issues are also prevalent, with 280E, the IRS code that denies leaf-handling companies the ability to

discount labour not directly linked to COGS, being a critical consideration before establishing any presence in the United States.

Given these issues, Canntab's commercialization strategy has been designed to maximize returns, optimize capital deployment, and utilize efficient tax planning and corporate structure. To achieve this, Canntab has developed a 7-stage process that outlines its approach to establishing a presence in a new market, with the Canadian market being the first to enter.

Commercialization Process – 7 Stages

1. Market/Legal Review

- I. Timeline: 1 Month
- II. Cost: \$10,000

Given that Canntab will ultimately be handling, processing, and distributing Cannabinoids; the first step to considering any new market will be a robust review of that jurisdiction's legal/tax restrictions. This will include, but not be limited to a review of:

- a. Are there restrictions on who can be an owner of the business?
- b. Are there restrictions on who can be an employee of the business?
- c. Are there restrictions on who can be an officer/director of the business?
- d. Are there residency requirements for those involved with the business?
- e. Are there restrictions on importing/exporting product from this jurisdiction?
- f. Are there unique tax treatments for companies participating in Canntab's intended range of activities?
- g. Would an ownership stake in a new jurisdiction create any challenges for Canntab's intended public listing?

For jurisdictions that have punitive residency/ownership requirements and in situations where an appropriate local partner cannot be found, Canntab will consider the licensing of its intellectual property on an exclusive geographic basis. For all US jurisdictions, given the 280E tax regulations, all new business interests will be bifurcated so that the COGS incurring entity will be a separate legal entity from another entity that will be engaging in non-Cannabinoid touching activities such as finance, HR, and marketing. Given the operating costs and initial capital investment required to establish a production facility to produce XR Tablets (described in Stage 4), Canntab will not consider manufacturing facilities for jurisdictions that are not permitted to export and have an insufficient patient base to justify investment. This would include US states with smaller populations that have limited medical programs that only cover a small range of medical conditions.

2. Secure and Sign Jurisdiction Partners

- I. Timeline: 1 – 3 Months

II. Cost: \$50,000

Upon identifying an appropriate jurisdiction based on both its market size and legal restrictions, Canntab will initiate the process of securing a partnership with a local Cannabis producer.

- Leverage Distribution, Quality of Supply (Reputation Piggybacking), Influence
- Supplier Auditing – Volume, Pest, Bacteria, CFU/G, Potency

3. *Initiate Patient Education / Marketing Plan*

I. Timeline: Run Concurrently with Stage 4, No Fixed Timeline to Conclude

II. Cost: \$100,000, first 3 Months, (variable based on jurisdiction)

Upon securing a local partner to either co-locate a manufacturing facility or secure adequate supply from, Canntab will initiate a patient education plan prior to its products being made available for consumption. As the XR Tablet is fundamentally a new product category, Canntab will need to make a considerable investment reaching out directly to prospective patients about the benefits of XR Tablets when compared to traditional consumption methods such as orally administered oils or the combustion of dry flower. This education/marketing campaign will focus on educating both professionals in the medical community as well as select patient groups that can provide high-uptake rates upon the completion of Canntab's manufacturing facility. This marketing campaign will be comprised of direct outreach to select communities including youth patients, for which the negative side effects of competing delivery methods are considerable, as well as retiree communities, who would particularly benefit from the ease of dosing and simplification of delivery.

The Resulting Issuer faces competition from a diverse mix of market participants, all of whom may compete with the Resulting Issuer to develop alternatives to traditional consumption methods such as orally administered oils or the combustion of dry flower. Canntab believes that its strong leadership team, corporate strategy, and proprietary phytocannabinoid vehicle will allow it to continue to attract patients.

To achieve the objective of this campaign, Canntab will ensure that those responsible for marketing are both equipped with the adequate tools to succeed and given the necessary compensation structure to maximize results. Canntab intends to produce:

4. *Corporate Structuring / Establish Facilities*

I. Timeline: 2 – 3 Months

II. Cost: \$400,000

5. *Hiring of Key Personnel*

I. Timeline: 2 Months

II. Cost: \$10,000

6. *Begin Manufacturing / Sales*

I. Timeline: 1 Week

II. Cost: \$480,000, annual fixed operating costs

7. *Monitoring / Ongoing Marketing*

Future Milestones and Timelines

- *December 2017*, closing of \$5,000,000 raise to put company on the pathway to commercialization. Investments in laboratory improvements and capital equipment commence immediately.
- *February 2018*, public listing on the CSE.
- *June 2018*, manufacturing exhibit batches for clinical studies and testing purposes in Canada in partnership with a licensed producer of medical cannabis and an established licensed dealer.
- *July 2018*, initiation of expansion to the United States, identification of appropriate producer partners for co-locating production facilities.
- *December 2018*, initiation of international expansion plans.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MD&A

Selected Information

Schedule “T” to the Circular contains audited annual financial statements of Canntab for the years ended May 31, 2017 and May 31, 2016, and unaudited condensed interim financial statements of Canntab for the six months ended November 30, 2017 and November 30, 2016. The following table sets forth selected information regarding the expenses of Canntab for such periods. Such information is derived from Canntab’s financial statements and should be read in conjunction with such financial statements:

	Six Month Period Ended	Year ended		
	November 30, 2017	May 31, 2017	May 31, 2016	May 31, 2015
Total Revenues	\$5,555	\$0.00	\$0.00	N/A
Income or Loss before Discontinued Operations & Extraordinary Items	(\$458,928)	(\$1,116,252)	\$0.00	N/A
Net Loss in total	(\$458,928)	(\$1,116,252)	\$0.00	N/A
Basic and Diluted Loss per Share	(0.10)	(0.30)	N/A	N/A
Total Assets	\$819,960	\$1,137,275	\$60,207	N/A
Total Long Term Liabilities	\$161,112	\$0.00	\$0.00	N/A
Cash dividends declared per share	\$0.00	\$0.00	\$0.00	N/A

The following tables summarize the financial results for each of Canntab's eight most recently completed quarters. This financial data has been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

	Q2 Nov 30, 2017	Q1 Aug 31, 2017	Q1 March 31, 2017	Q4 Dec 31, 2016
Financial results:				
Net (loss) profit for the period	\$458,928	N/A	(\$1,116,252)	N/A
Basic and diluted loss per share	\$0.10	N/A	(\$0.30)	N/A
Balance sheet data:				
Cash	\$599,823	N/A	\$958,620	N/A
Total assets	\$819,960	N/A	\$1,137,275	N/A
Shareholders' Equity (deficit)	\$579,627	N/A	\$1,038,555	N/A
	Q3 Sept 30, 2016	Q2 June 30, 2016	Q1 March 31, 2016	Q4 Dec 31, 2015
Financial results:				
Net (loss) profit for the period	N/A	N/A	N/A	N/A
Basic and diluted loss per share	N/A	N/A	N/A	N/A
Balance sheet data:				
Cash	N/A	N/A	N/A	N/A
Total assets	N/A	N/A	N/A	N/A
Shareholders' Equity (deficit)	N/A	N/A	N/A	N/A

MANAGEMENT'S DISCUSSION AND ANALYSIS

Canntab's management's discussion and analysis ("MD&A") for the periods ended May 31, 2017 and May 31, 2016 and for the interim period ended November 30, 2017 and November 30, 2016 are incorporated and attached as Schedule "J" to the Circular. The MD&A should be read in conjunction with Canntab's financial statements together with the notes thereto, which are incorporated and attached to Schedule "I" of the Circular.

DESCRIPTION OF SECURITIES

The authorized capital of Canntab consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Canntab Shares

Canntab's authorized capital consists of an unlimited number of common shares without par value, of which 4,713,000 Canntab Shares are currently issued and outstanding. Subject to the rights, if any, of shareholders holding shares with special rights as to dividends the board of directors of Canntab may authorize payment of any dividends. All dividends must be declared and paid according to the number of shares held.

As of the date of hereof, there are 4,713,000 Canntab Shares issued and outstanding of Canntab, 1,251,914 Canntab Subscription Receipts, 467,884 Canntab Warrants, 470,000 Canntab Options.

Canntab Subscription Receipts

On December 19, 2017 and December 29, 2017, Canntab closed a private placement by issuing 1,251,914 Subscription Receipts at a price of \$4.00 per Subscription Receipts for gross proceeds of \$5,007,656.

Canntab Warrants

As consideration for their leadership roles with Canntab, Canntab granted Jeff Renwick, Richard Goldstein and Sheldon Inwentash special warrants to purchase up to 100,000 common shares of Canntab each, for a total of 300,000 common shares, at a price of \$1.00 per Canntab Share for a period of 24 months until February 21, 2019.

Canntab Finder Warrants

As consideration for its role as finder in the initial private placement of Canntab, Canntab granted finder warrants to purchase up to 80,250 common shares of Canntab at a price of \$1.00 per Canntab Share for a period of 24 months until February 21, 2019.

As consideration for its role as finder in the Offering, Canntab granted finder warrants to purchase up to 87,634 common shares of Canntab at a price of \$4.00 per Canntab Share for a period of 24 months from closing of the Offering.

Canntab Options

As at February 31, 2018, Canntab has granted an aggregate of 470,000 stock options.

The following table outlines the Canntab Options outstanding:

Name of Optionee	Position with Canntab	No. of Common Shares Reserved Under Option	Exercise Price	Expiration Date
Sheldon Inwentash	Director	100,000	\$1.00	February 21, 2022 ⁽¹⁾
Vitor Fonseca	Director	100,000	\$1.00	February 21, 2022 ⁽¹⁾
Barry Polisuk	Director	100,000	\$1.00	February 21, 2022 ⁽¹⁾
Rob Lefler	Employee	25,000	\$1.00	February 21, 2022 ⁽¹⁾
Jeff Renwick	Director & CEO	50,000	\$1.00	February 21, 2022 ⁽¹⁾
Richard Goldstein	Director & CFO	50,000	\$1.00	February 21, 2022 ⁽¹⁾
Gavin Bogle	Consultant	15,000	\$1.00	February 21, 2022 ⁽¹⁾
Hamish Sutherland	Consultant	15,000	\$1.00	February 21, 2022 ⁽¹⁾
Dr. Eric Hatashita	Consultant	15,000	\$1.00	February 21, 2022 ⁽¹⁾
Total		470,000		

Note:

(1) Options granted may be exercised until 90 days after the optionee ceases to be a director, officer, consultant or employee of Canntab.

Prior Sales

The following table summarizes the issuances of Canntab Shares or securities convertible into Canntab Shares for the 12 month period prior to February 31, 2018:

Date Issued	Class of Security	Number of Common Shares Issued/Issuable	Price/ Exercise Price
February 21, 2017	Common Shares	1,174,800	\$1.00
February 21, 2017	Options	470,000	\$1.00
February 21, 2017	Finder Warrants	80,250	\$1.00
February 21, 2017	Special Warrants	300,000	\$1.00
December 19, 2017	Subscription Receipts	992,325	\$4.00
December 29, 2017	Subscription Receipts	259,589	\$4.00
December 29, 2017	Finder Warrants	87,634	\$4.00

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

During Canntab's most recently completed financial year ended May 31, 2017, Canntab had two Named Executive Officers: Jeff Renwick, Chief Executive Officer and Richard Goldstein, Chief Financial Officer.

The aggregate cash compensation (including salaries, fees, directors fees, commissions, bonuses paid for services rendered during the most recently completed financial year, bonuses paid for services rendered in the previous year, and any compensation other than bonuses earned during the most recently completed financial year, the payment of which was deferred) paid to the Named Executive Officers (or corporations controlled by Named Executive Officers), in the capacity of Named Executive Officers, for the most recently completed financial year, was \$40,000.00.

Summary Compensation Table

The table below sets forth information concerning the compensation paid, awarded or earned by each of the NEOs for services rendered in all capacities to the Issuer for the year ended May 31, 2017.

SUMMARY COMPENSATION TABLE									
NEO Name and Principal Position	Year ended Feb 28	Salary (\$)	Share based awards (\$)	Option based awards ⁽¹⁾ (\$)	Non-Equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Jeff Renwick CEO and Director	2017 ⁽²⁾	20,000	Nil	\$134,300	Nil	Nil	Nil	Nil	\$154,300
Richard Goldstein CFO and Director	2017 ⁽²⁾	20,000	Nil	\$134,300	Nil	Nil	Nil	Nil	\$154,300

Notes:

(1) The fair value of options and special warrants granted have been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: risk free interest rate of 1.03%; expected life of 5.0 years; dividend yield of nil; volatility of 150%; forfeiture rate of nil.

(2) From incorporation on April 20, 2016 to period ended May 31, 2017.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, no informed person of Canntab nor any associate or affiliate of any informed person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of Canntab's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Canntab.

LEGAL PROCEEDINGS

There are no legal proceedings material to Canntab to which Canntab is a party or of which any of its property is the subject matter and Canntab does not know of any pending legal proceedings.

AUDITOR

MNP LLP is the auditor of Canntab. MNP LLP's offices are located at 50 Burnamthorpe Rd W, Suite 900, Mississauga ON L5B3C2; they were appointed on April 20, 2016.

MATERIAL CONTRACTS

Canntab is party to the following material contracts, excluding contracts entered into in the ordinary course of business:

1. The Amalgamation Agreement – more particularly described under the heading “Matters To be Acted Upon – 4. The Acquisition –The Amalgamation Agreement” and elsewhere in the Circular.
2. Exclusive License Agreement dated December 1, 2016 between Canntab and CMAX Technologies Inc.;
3. Sublease dated December 1, 2016 between Canntab and CMAX Technologies Inc.; and
4. Collaboration and License Agreement dated October 3, 2017 with Emblem Cannabis Corporation.

Copies of these agreements are or will be made available upon request from Garfinkle Biderman LLP, 1 Adelaide Street East, Suite 801, Toronto, ON M5C 2V9 at any time during ordinary business hours.

**Schedule “H”
to the Management Information Circular**

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post- Acquisition basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. As the Resulting Issuer will be the same corporate entity as Telferscot, this section only includes information respecting Telferscot (and Canntab, as applicable) after the Acquisition that is materially different from information provided earlier in the Circular regarding Telferscot pre-Closing. See Schedule “F” under heading “Information Concerning Telferscot” and “Schedule “G” under heading “Information Concerning Canntab” for additional information regarding Telferscot and Canntab, respectively. See also the Pro Forma Financial Statements of the Resulting Issuer attached hereto as Schedule “K” to the Circular.

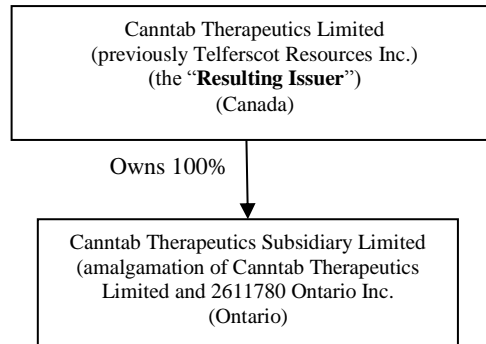
NAME AND INCORPORATION

The Resulting Issuer intends to change its name to “Canntab Therapeutics Limited. The name of Amalco is expected to be “Canntab Therapeutics Subsidiary Limited.”.

The Resulting Issuer will continue to be a corporation governed by the provisions of the *Canada Business Corporations Act*. It is expected that the head office of the Resulting Issuer will be located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9, and the registered and records office of the Resulting Issuer will be located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9. Upon completion of the Acquisition, Telferscot will own all of the issued and outstanding Amalco Shares.

INTERCORPORATE RELATIONSHIPS

Following completion of the Acquisition, the Resulting Issuer will have the following corporate structure:



NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Business

Upon completion of the Transaction, the Resulting Issuer’s business will be that of Canntab. See “Schedule “G” “Information Concerning Canntab – General Description of the Business”.

BUSINESS OBJECTIVES AND MILESTONES

Stated Business Objectives

The Resulting Issuer faces competition from a diverse mix of market participants, all of whom may compete with the Resulting Issuer to develop alternatives to traditional consumption methods such as orally administered oils or the combustion of dry flower.

The Resulting Issuer will focus on making the XR Tablet commercially viable and begin generating revenues.

- *April 2018*, public listing on the CSE.
- *June 2018*, manufacturing exhibit batches for clinical studies and testing purposes in Canada in partnership with a licensed producer of medical cannabis and an established licensed dealer.
- *July 2018*, initiation of expansion to the United States, identification of appropriate producer partners for co-locating production facilities.
- *December 2018*, initiation of international expansion plans.

DESCRIPTION OF THE SECURITIES

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without par value. Following completion of the Transaction, 24,484,656 Resulting Issuer Shares are expected to be issued and outstanding. The rights and restrictions attached to the Resulting Issuer Shares are expected to be identical to those of the Telferscot Shares, as described in “Schedule “F” “Information Concerning Telferscot – Description of Securities”.

In addition, following completion of the Transaction, 1,880,000 Resulting Issuer Options will remain outstanding, as follows:

Name of Optionee	Position with Telferscot/ Canntab	Number of Common Shares Reserved under Option	Exercise Price	Expiration Date
Sheldon Inwentash	Director	400,000	\$0.25	February 21, 2022 ⁽¹⁾
Vitor Fonseca	Director	400,000	\$0.25	February 21, 2022 ⁽¹⁾
Barry Polisuk	Director	400,000	\$0.25	February 21, 2022 ⁽¹⁾
Rob Lefler	Employee	100,000	\$0.25	February 21, 2022 ⁽¹⁾
Jeff Renwick	Director & CEO	200,000	\$0.25	February 21, 2022 ⁽¹⁾
Richard Goldstein	Director & CFO	200,000	\$0.25	February 21, 2022 ⁽¹⁾
Gavin Bogle	Consultant	60,000	\$0.25	February 21, 2022 ⁽¹⁾
Hamish Sutherland	Consultant	60,000	\$0.25	February 21, 2022 ⁽¹⁾
Dr. Eric Hatashita	Consultant	60,000	\$0.25	February 21, 2022 ⁽¹⁾
	TOTAL	1,880,000		

Note:

(1) Options granted may be exercised until 90 days after the optionee ceases to be a director, officer, consultant or employee of the Resulting Issuer.

In addition, following completion of the Transaction, 1,871,536 Resulting Issuer Warrants will be outstanding, as follows:

Warrants	Number of Common Shares Reserved under Warrants	Exercise Price	Expiration Date
Special Warrants	1,200,000	\$0.25	February 21, 2019
Finder Warrants	321,000	\$0.25	February 21, 2019
Finder Warrants	350,535	\$1.00	2 years from closing
TOTAL	1,871,535		

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets out the pro forma share capital of the Resulting Issuer, on a consolidated basis after giving effect to the Transaction, based on the pro forma consolidated financial statements of the Resulting Issuer attached to the Circular as Schedule “K”:

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding After Giving Effect to the Transaction
Resulting Issuer Shares	Unlimited	24,484,656 ⁽¹⁾⁽²⁾

Notes:

(1) On an undiluted basis, assuming the Consolidation has been effected, Resulting Issuer Shares are issued to Canntab Shareholders.

(2) For details of fully diluted share capital of the Resulting Issuer at Closing, see below under the heading “Fully Diluted Share Capital”.

FULLY DILUTED SHARE CAPITAL

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction and assuming no Concurrent Financing:

	Number of Shares	Percentage (%)
Resulting Issuer Shares held by existing Telferscot Shareholders	625,000	2.21
Resulting Issuer Shares held by Canntab Shareholders	18,852,000	66.77
Resulting Issuer Shares issuable upon conversion of Subscription Receipt	5,007,656	17.73
Resulting Issuer Shares issuable upon exercise of existing Resulting Issuer Warrants	1,871,535	6.63
Resulting Issuer Shares issuable upon exercise of Resulting Issuer Options	1,880,000	6.66
Fully-Diluted Total	28,239,192	100

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Funds Available

The following table sets out information respecting the Resulting Issuer’s sources of funds and intended uses of such funds upon completion of the Acquisition. The amounts shown in the table are estimates only and are based upon the information available to Canntab as of the date hereof. The intended uses of such funds and/or the Resulting Issuer’s development capital needs may vary based upon a number of factors.

Sources	(\$)
Net Proceeds for the issuance of the Canntab Subscription Receipts ⁽¹⁾	4,657,120
Existing working capital (deficiency) ⁽²⁾	579,666
Estimated funds available to the Resulting Issuer upon completion of the Acquisition	5,236,786

Notes:

(1) Net proceeds raised from the issuance of the Canntab Subscription Receipts, after deducting \$350,535 in financing costs.

(2) Unaudited estimate as at November 30, 2017.

Principal Purposes

There may be circumstances where, for sound business reasons, the Resulting Issuer reallocates the funds. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer will be available if required.

RISK FACTORS

The Common Shares of the Resulting Issuer should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the present stage of its development. In evaluating the Resulting Issuer and its new business, investors should carefully consider the following risk factors, in addition to the other information contained in this Listing Statement. These risk factors are not a definitive list of all risk factors associated with an investment in the Resulting Issuer or in connection with the Resulting Issuer's operations.

A description of the risk factors associated with the Issuer's previous business related to its Mining Assets is included in the Issuer's Initial Listing Statement.

The Issuer's actual operating results may be very different from those expected as at the date of this Listing Statement.

Specific Risks Related to the Transaction

There is no assurance that Transaction will be completed.

Risks Related to Canntab's Business and Industry

Our business is dependent sourcing Cannabis

Canntab's ability to produce, store and sell its XR tablets in Canada is dependent being able to source cannabis from a licensed producer. Failure to source the cannabis would have a material adverse impact on the business, financial condition and operating results of Canntab.

Marijuana Sector Risks

As discussed further below, subject to further clarity on the position of the U.S. Federal Government on the enforcement of U.S. federal laws relating to the marijuana industry, Canntab intends to eventually manufacture and distribute its product in select states within the United States, and directly derive a portion of its revenues from, the marijuana industry in certain U.S. states, which industry is illegal under U.S. federal law. Canntab may therefore be directly involved in the marijuana industry in the United States where local state law permits such activities, as well as the marijuana industry in Canada.

As discussed under "United States Marijuana Industry Risk", as a result of the conflicting views between state legislatures and the U.S. federal government regarding marijuana, marijuana businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA (as defined below) with respect to marijuana and there can be no assurance as to the timing or scope of any such potential amendments, there is a risk that U.S. federal authorities may enforce current federal law, which may adversely affect the planned future operations of Canntab in the United States. As

such, there are a number of risks associated with Canntab's planned future operations in the United States, and such operations may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, Canntab may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Canntab's ability to operate in the United States. Canntab has not yet commenced any marijuana-related activities in the United States, nor has it determined in which states it will operate. Prior to commencing any such marijuana-related activities, Canntab intends to obtain legal advice and develop a compliance program to ensure, to the greatest extent possible, that Canntab conducts its operations in compliance with applicable state laws and limits its potential exposure arising from federal laws, and will do so for each state in which it proposes to operate.

Canadian Marijuana Industry Risk

Canada has regulated medical use and commercial activity involving cannabis and recently released Bill C-45, which proposes the enactment of the *Cannabis Act*, to regulate the production, distribution and sale of cannabis for unqualified adult use. On November 27, 2017, the House of Commons passed Bill C-45, and on December 20, 2017, the Prime Minister communicated that the Canadian Federal Government intends to legalize cannabis in the summer of 2018.

There can be no assurance that Bill C-45 will be passed into law, or passed into law substantially in its current form. Further, even if Bill C-45 is passed into law, the importation, exportation, production, testing, packaging, labelling, sending, delivery, transportation, sale, possession or disposal of cannabis or any class of cannabis will remain subject to extensive regulatory oversight. Such extensive controls and regulations may significantly affect the financial condition of market participants, and prevent the realization of such market participants of any benefits from an expanded market for recreational cannabis products

United States Marijuana Industry Risk

Almost half of the U.S. states have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC.

Unlike Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the *Access to Cannabis for Medical Purposes Regulations*, the United States largely regulates cannabis at the state level. To Canntab's knowledge, there are approximately 30 states, plus the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the U.S. state level, cannabis continues to be categorized as a controlled substance under the *Controlled Substances Act* (the "CSA") in the U.S. and as such, it is illegal under federal law in the United States.

The U.S. Congress has passed appropriations bills in each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance with state medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business - even those that have fully complied with state law - could be prosecuted for violations of federal law. If Congress restores funding, the U.S. federal government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations. Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on Canntab, including its reputation

and ability to conduct business, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for Canntab to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

As a result of the conflicting views between state legislatures and the U.S. federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the “**Cole Memorandum**”) addressed to all U.S. district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the U.S., several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

However, on January 4, 2018, the U.S. federal government rescinded all previous nationwide guidance specific to marijuana enforcement, including the Cole Memorandum. With the Cole Memorandum rescinded, U.S. federal prosecutors may exercise their discretion in determining whether to prosecute cannabis-related violations of U.S. federal law. It is possible that further regulatory developments in the U.S. could significantly adversely affect the business, financial condition and results of businesses involved in the cannabis industry.

Notwithstanding the foregoing, pursuant to the Rohrabacher Blumenauer Amendment (“**RBA**”), until September 2018, the Department of Justice is prohibited from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and local laws. Thereafter, if the RBA or an equivalent thereof is not successfully amended to the next or any subsequent federal omnibus spending bill, there can be no assurance that the U.S. federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon Canntab or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on Canntab’s business, revenues, operating results and financial condition as well as Canntab’s reputation, even if such proceedings were concluded successfully in favour of Canntab.

In addition, given the heightened risk profile associated with cannabis in the United States, CDS may implement procedures or protocols that would prohibit or significantly curtail the ability of CDS to settle trades for cannabis companies that have marijuana businesses or assets in the United States. It is not certain whether CDS will decide to enact such measures, nor whether it has the authority to do so unilaterally. However, if CDS were to decide that it will not handle trades in our securities, it could have a material adverse effect on the ability of investors to settle trades in a timely manner and on the liquidity of Canntab’s securities generally.

Regulatory risks

Successful execution of Canntab’s strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The commercial medical cannabis industry is a new industry and Canntab cannot predict the impact of the compliance regime Health Canada is implementing for the Canadian medical cannabis industry. Similarly, Canntab cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of Health Canada’s compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or

impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of Canntab.

Canntab will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on Canntab's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Canntab's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of Canntab.

Change in laws, regulations and guidelines

Canntab's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to drug, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of Management, other than routine corrections that may be required by Health Canada from time to time, Canntab is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of Canntab may cause adverse effects to its operations.

Health Canada inspectors routinely assess Canntab's facilities against applicable regulations and provide follow up reports noting any observed deficiencies. Canntab is continuously reviewing and enhancing its operational procedures and facilities both proactively and in response to routine inspections. Canntab follows all regulatory requirements in response to inspections in a timely manner.

Canntab endeavours to comply with all relevant laws, regulations and guidelines. To Canntab's knowledge, it is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this Listing Statement.

We rely on Management and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees, including Jeff Renwick, our CEO. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

Factors which may prevent realization of growth targets

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

- failure or delays in obtaining, or conditions imposed by, regulatory approvals
- facility design errors

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

As a result, there is a risk that Canntab may not have product or sufficient product available to meet the anticipated demand or to meet future demand when it arises.

Canntab may experience additional expenditures related to unforeseen issues that have not been taken into account in the preparation of this Listing Statement.

Additional financing

There is no guarantee that Canntab will be able to execute on its strategy. The continued development of Canntab may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business strategy or Canntab ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Canntab. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, from time to time, Canntab may enter into transactions to acquire assets or the shares of other Companies. These transactions may be financed wholly or partially with debt, which may temporarily increase Canntab's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for Canntab to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that Canntab would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. Canntab may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict Canntab's ability to pursue its business objectives.

Competition

There is potential that Canntab will face intense competition from other companies, some of which can be expected to have more financial resources and manufacturing and marketing experience than Canntab. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of Canntab.

Client acquisition and retention

Canntab's success depends on its ability to attract and retain patients. There are many factors which could impact Canntab's ability to attract and retain patients, including but not limited to Canntab's ability to continually produce desirable and effective product, the successful implementation of Canntab's patient- acquisition plan and the continued growth in the aggregate number of patients selecting medical cannabis as a treatment option and other companies producing and supplying similar products. Canntab's failure to acquire and retain patients would have a material adverse effect on the business, financial condition and operating results of Canntab.

Research and development and product obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize Canntab's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render Canntab's products obsolete, less competitive or less marketable. The process of developing Canntab's products is complex and requires significant continuing costs, development efforts and third party commitments. Canntab's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of Canntab. Canntab may be unable to anticipate changes in its potential customer requirements that could make Canntab's existing technology obsolete. Canntab's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of Canntab's proprietary technology entails significant technical and business risks. Canntab may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

We may be subject to unfavourable publicity or consumer perception

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

Product liability

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

insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Product recalls

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

Reliance on key inputs

Canntab's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of Canntab. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of Canntab.

Difficulty to forecast

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

Operating risk and insurance coverage

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

Management of growth

Canntab may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of Canntab to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Canntab to deal with this growth may have a material adverse effect on Canntab's business, financial condition, results of operations and prospects.

Conflicts of interest

Canntab may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, Canntab's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to Canntab. In some cases, Canntab's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to Canntab's business and affairs and that could adversely affect Canntab's operations. These business interests could require significant time and attention of Canntab's executive officers and directors.

In addition, Canntab may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or Companies with which Canntab may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of Canntab. In addition, from time to time, these persons may be competing with Canntab for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of Canntab's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Canntab are required to act honestly, in good faith and in the best interests of Canntab.

Unpredictable and volatile market price for Common Shares

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our quarterly results of operations
- recommendations by securities research analysts
- changes in the economic performance or market valuations of companies in the industry in which we operate
- addition or departure of our executive officers and other key personnel
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares
- sales or perceived sales of additional Common Shares
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors
- operating and share price performance of other companies that investors deem comparable to us
- fluctuations to the costs of vital production materials and services
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility
- operating and share price performance of other companies that investors deem comparable to Canntab or from a lack of market comparable companies

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our 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 companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if our 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 might result in impairment losses. 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, our operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

No dividends

Our current policy is to retain earnings to finance the development and enhancement of our products and to otherwise reinvest in Canntab. Therefore, we do not anticipate paying cash dividends on the Common Shares in the foreseeable future. Our dividend policy will be reviewed from time to time by our Board of Directors in the context of our earnings, financial condition and other relevant factors. Until the time that we do pay dividends, which we might never do, our shareholders will not be able to receive a return on their Common Shares unless they sell them. See “Dividend Policy”.

Future sales of Common Shares by existing shareholders

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of our Common Shares. Holders of options to purchase Common Shares will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Common Shares being sold in the public market, and fewer long-term holds of Common Shares by Management and our employees.

Use of proceeds

We cannot specify with certainty the particular uses of the net proceeds we will receive from this Offering. Management will have broad discretion in the application of the net proceeds, including for any of the purposes described in “Use of Proceeds”. Accordingly, a purchaser of Common Shares will have to rely upon the judgment of Management with respect to the use of the proceeds, with only limited information concerning Management’s specific intentions. Management may spend a portion or all of the net proceeds from this Offering in ways that our shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser’s investment. The failure by Management to apply these funds effectively could harm our business. Pending use of such funds, we might invest the net proceeds from this Offering in a manner that does not produce income or that loses value.

Dilution and future sales of Common Shares

The initial offering price of our Common Shares will significantly exceed the net tangible book value per share of our Common Shares. Accordingly, if an investor purchases Common Shares under the Offering, the investor will incur immediate and substantial dilution of its investment. If the outstanding options to purchase our Common Shares are exercised, an investor will incur additional dilution. See “Options to Purchase Common Shares”.

In addition, we may issue additional Common Shares in the future, which may dilute a Shareholder’s holding in Canntab. Our articles will permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuances. The directors of Canntab have the discretion to determine if an issuance of Common Shares is warranted, the price at which such issuance is effected and the other terms of issue of Common Shares. Also, we may issue additional Common Shares upon the exercise of options to acquire Common Shares under the Stock Option Plan, which will result in further dilution to the Shareholders.

DIVIDENDS OR DISTRIBUTIONS

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer’s financial position at the relevant time. All of the Resulting Issuer Shares will be entitled to an equal share in any dividends declared and paid.

PRINCIPAL SECURITYHOLDERS

The following table sets forth information as known to Canntab and Telferscot with respect to each securityholder anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transaction:

Name and Municipality of Residence	Number of Resulting Issuer Shares owned after giving effect to Transaction	Percentage of Resulting Issuer Shares owned after giving effect to Transaction	Owned of record only, beneficially only, or both of record and beneficially
Jeff Renwick Toronto, Ontario	3,038,000	12.41%	Owned beneficially and of record
Standard Biochem Inc. ⁽¹⁾ Markham, Ontario	800,000	3.27%	Owned beneficially and of record
Richard Goldstein Family Trust ⁽²⁾ Toronto, Ontario	3,038,000	12.41%	Owned beneficially and of record
Richard Goldstein Toronto, Ontario	800,000	3.27%	Owned beneficially and of record

Notes:

- (1) Standard Biochem Inc. is a company controlled by Jeff Renwick, Director and Chief Executive Officer of Canntab.
- (2) A discretionary trust controlled by Richard Goldstein, Director, Chief Financial Officer of Canntab.

DIRECTORS, OFFICERS AND PROMOTERS

In connection with the completion of the Acquisition and the Board Change, Jeff Renwick, Richard Goldstein, Sheldon Inwentash, Vitor Fonseca and Barry M. Polisuk will be appointed as directors of the Resulting Issuer. In addition, Jeff Renwick will be appointed as Chief Executive Officer of the Resulting Issuer, Richard Goldstein will be appointed as Chief Financial Officer and Barry M. Polisuk will be appointed as Secretary.

The following table sets out the name, municipality and province of residence, position with the Resulting Issuer, current principal occupation, the date such person became a director or officer of Canntab and the number and

percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's proposed directors and officers following the completion of the Transaction:

Name, Municipality of Residence and Position(s) Held	Director or Officer of Canntab or Telferscot Since	Principal Occupation Over the Past 5 Years	Resulting Issuer Shares Outstanding at Closing	
			Number of Shares	Percentage (%) ⁽¹⁾
Jeff Renwick Toronto, Ontario Chief Executive Officer, Promoter and Director	April 20, 2016	President of Standard Biochem Inc.	3,838,000	15.68%
Richard Goldstein Toronto, Ontario Director, Chief Financial Officer and Promoter	April 20, 2016	President of First Republic Capital Corporation	3,838,000	15.68%
Sheldon Inwentash ⁽²⁾ Toronto, Ontario Director	February 21, 2017	President of ThreeD Capital Inc.	600,000	2.45%
Vitor Fonseca ⁽²⁾⁽³⁾ Toronto, Ontario Director	April 20, 2016	Vice President and Treasurer of Romspen Investment Corporation	0	0%
Barry M. Polisuk ⁽²⁾ Toronto, Ontario Secretary and Director	April 20, 2016	Partner at Garfinkle Biderman LLP	320,000	1.31%
Total			8,596,000	35.12%

Notes:

- (1) On an undiluted basis based on 24,484,656 Resulting Issuer Shares outstanding at Closing and Resulting Issuer Shares are issued to the Canntab Shareholders.
- (2) Proposed member of audit committee.
- (3) Proposed Chair of the audit committee.

At the Closing, it is anticipated that the directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 8,596,000 Resulting Issuer Shares, representing 35.12% of the issued and outstanding Resulting Issuer Shares on an undiluted basis. Each director's term of office shall expire at the next annual meeting of the Resulting Issuer shareholders unless re-elected at such meeting.

Management

The following is a brief description of the proposed key members of management of the Resulting Issuer.

Jeff Renwick, Age 50 (Proposed Chief Executive Officer and Director)

Mr Renwick was appointed Chief Executive Officer of Canntab on inception. Mr. Renwick is currently the President of Standard Biochem Inc., a private independent pharmaceutical consulting company. He is also the Managing Director of CMAX Technologies Inc. a private drug development and licensing company since November 2010. From June 2015 to May 2016 he was the Chief Scientific officer of Berkeley Biopharma Inc. Since February 2017 he is the on the Formulation Committee of Blue Ocean Nutrascience Inc. (TSX-BLE).

Richard Goldstein, Age 57 (Proposed Chief Financial Officer and Director)

Richard Goldstein, a Senior Investment Executive, is President of First Republic Capital Corporation, a licensed Exempt Market Dealer, specializing in equity and debt financings, M&A, and other financial advisory services. His firm is regulated by the Ontario Securities Commission. Richard is also President of CMAX Technologies Inc., a privately owned generic drug development company. Previously, Mr Goldstein was responsible for the management of Suncor's (SU:NYSE) \$200 million pension fund as Secretary of the Pension Fund Investment Committee (PFIC). Richard received his BComm from Concordia University in Management and International Business (1982) and his MBA in Finance (1984) from McMaster University.

Sheldon Inwentash, Age 61 (Proposed Director)

Sheldon Inwentash is responsible for creating the overall strategic vision and setting the direction for ThreeD Capital Inc. (formerly Brownstone Energy Inc.). He is also the former Chairman and CEO of Pinetree Capital Ltd. and Mega Uranium Ltd. A true entrepreneur, Sheldon began his investing career while still working to attain his Chartered Accountant designation in 1981. He brings more than 25 years of experience in the investment industry and a deep understanding of progressive investment and financial management strategies. A resource and commodity industry expert, Sheldon has been successfully investing in the resource market for most of his career.

Sheldon obtained his B.Comm from the University of Toronto and is a CPA and Chartered Accountant. In 2012, Sheldon received an honorary degree, doctor of laws (LL.D) from the University of Toronto for his valuable leadership as an entrepreneur, his philanthropy, and inspirational commitment to making a difference in the lives of children, youth and their families.

Vitor Fonseca, Age 65 (Proposed Director)

Vitor Fonseca is Vice President and Treasurer of Romspen Investment Corporation where he is involved in all aspects of the company's financing and lending activities. With a portfolio of close to \$2 billion Romspen is Canada's largest non-bank commercial real estate lender.

During his career, Vitor has held senior finance and operational positions in the real estate, private equity and service-oriented industries. He holds an MBA from the, Rotman School of Business at the University of Toronto, a CPA-CGA designation and is a member of the Institute of Corporate Directors.

Vitor was the chair of the audit committee of the board of Enwave Energy Corporation, one of the largest district energy companies in North America. He is currently the chair of the audit committee of Mission Ready Services, Inc. a niche manufacturer and service provider of specialized product lines to US military, law enforcement and first responder communities, listed on the TSX.

Barry M. Polisuk, Age 57 (Proposed Secretary and Director)

Mr. Polisuk has been a Partner of Garfinkle Biderman LLP since 1997, where he joined in 1995. He is a corporate and commercial lawyer focused on financings, corporate and commercial work, including securities. He acts for public and private companies, securities dealers and financial institutions on a number of public and private financings and commercial transactions. He was called to the Ontario bar in 1988. Mr. Polisuk holds a LL.B cum laude and a Quebec Civil Law Degree, both from the University of Ottawa and a B.A in Political Science from McGill University.

Corporate Cease Trade Orders or Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been, within 10 years before the date of this Information Circular, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable Securities Laws, for a period of more than 30 consecutive days; or

became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

- (a) been subject to any penalties or sanctions imposed by a court relating to Securities Laws or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

Conflicts of Interest

Directors and officers of the Resulting Issuer may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the OBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

Other Reporting Issuer Experience

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

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
Sheldon Inwentash	Gratomic Inc.	Director, Executive Chair and Co-CEO	April 2017	Present
	Northern Sphere Mining Inc.	Director and Executive Chair	December 2016	Present
	ThreeD Capital Inc.	Director, Chairman and CEO	May 2002	Present
	Energy Fuels Inc.	Director, Chair and CEO	January 2002	March 2015
	Keek Inc.	Director	March 2001	January 2014
	Mega Uranium Ltd.	Director	September 2012	August 2015
	Pinetree Capital Ltd.	Director	March 2009	June 2014
	Poet Technologies Inc.	Director	December 2007	August 2017
	X-Terra Resources Corp.	Director	April 2017	Present
Vitor Fonseca	ZipLocal Inc.	Director	December 2016	Present
Vitor Fonseca	Mission Ready Services Inc.	Director	December 2013	Present
Barry M. Polisuk	Maricann Group Inc.	Director and Chief Executive Officer	September 2010	April 2017
	Applied Inventions Management Corp.	Director	September 2010	Present
	Nurcapital Corporation Ltd.	Director and Secretary	July 2015	Present
	Solid Gold Resources Corp.	Secretary	December 2008	May 2013

EXECUTIVE COMPENSATION

The compensation for each NEO of the Resulting Issuer for the 12 month period following completion of the Transaction shall be finalized subsequent to Closing. The Resulting Issuer will disclose the terms of any agreements entered into with any NEOs at the time such agreements are entered into.

Summary Compensation Table

The Resulting Issuer expects to pay compensation to its NEOs upon completion of the Transaction, however the details of such compensation will not be determined until a meeting of the board of directors of the Resulting Issuer subsequent to the completion of the Transaction.

SUMMARY COMPENSATION TABLE									
NEO Name and Principal Position	Year ended Feb 28	Salary (\$)	Share based awards (\$)	Option based awards ⁽¹⁾ (\$)	Non-Equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Longterm incentive plans			
Jeff Renwick CEO and Director	2017 ⁽²⁾	20,000	Nil	\$134,300	Nil	Nil	Nil	Nil	\$154,300
Richard Goldstein CFO and Director	2017 ⁽²⁾	20,000	Nil	\$134,300	Nil	Nil	Nil	Nil	\$154,300

Notes:

- (1) The fair value of options and special warrants granted have been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: risk free interest rate of 1.03%; expected life of 5.0 years; dividend yield of nil; volatility of 150%; forfeiture rate of nil.
- (2) From incorporation on April 20, 2016 to period ended May 31, 2017.

Stock Option Plan

The Stock Option Plan of the Resulting Issuer will be that of Telferscot. Please see Schedule “F” – “Information Concerning Telferscot – Stock Option Plan”.

LEGAL PROCEEDINGS

To the best of management’s knowledge, there are no material pending legal proceedings to which the Resulting Issuer is or is likely to be a party, or of which any of its property is the subject matter.

ESCROWED SECURITIES

The following Resulting Issuer Shares are expected to be held in escrow after giving effect to the Acquisition:

Name and Municipality of Residence of Securityholder	Designation of Class	Number of Securities to be Held in Escrow (#)	Percentage (%) ⁽¹⁾
Jeff Renwick Toronto, Ontario	Common	3,838,000	15.91
Richard Goldstein Toronto, Ontario	Common	3,838,000	15.91
Sheldon Inwentash Toronto, Ontario	Common	600,000	2.49
Barry M. Polisuk Toronto, Ontario	Common	320,000	1.33
Total		8,596,000	

Note:

⁽¹⁾ On an undiluted basis based on 24,433,940 Resulting Issuer Shares outstanding at Closing and 18,852,000 Resulting Issuer Shares are issued to the Canntab Shareholders

8,596,000 of the foregoing Resulting Issuer Shares are subject to escrow pursuant to the terms of an Escrow Agreement, with such Resulting Issuer Shares to be released from escrow as follows:

% of Escrowed Shares to be Released	Release Date
0	upon Listing on the Exchange;
15	6 months from Listing;
15	12 months from Listing;
15	18 months from Listing;
15	24 months from Listing;
15	30 months from Listing;
15	36 months from Listing.

AUDITORS

It is expected that MNP, who is currently the auditors for both Canntab and Telferscot, will be the auditors of the Resulting Issuer. The address of MNP is 701 Evans Avenue, 8th Floor, Toronto ON, M9C 1A3.

TRANSFER AGENT AND REGISTRAR

It is expected that Capital Transfer, who is currently Telferscot’s registrar and transfer agent, will serve as the Resulting Issuer’s registrar and transfer agent. It is expected that transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Canntab at its Toronto office located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9.

MATERIAL CONTRACTS

The only material contracts to which the Resulting Issuer will be a party are described in Schedule “G” - “Information concerning Canntab - Material Contracts” and in the Schedule “F” - “Information concerning Telferscot - Material Contracts.”

INTERESTS OF EXPERTS

The following is a list of persons or companies whose profession or business gives authority to a statement made by such person or company named in this Information Circular as having prepared or certified a part of that document or report described in the Information Circular:

- (a) MNP LLP, Chartered Accountants, as auditors of Canntab, which prepared the auditor’s report for Canntab’s audited financial statements as at May 31, 2017 and May 31, 2016. They are independent as determined by the Institute of Chartered Accountants of British Columbia; and

MNP LLP, Chartered Accountants, as auditors of Telferscot, which prepared the auditors’ reports for the audited financial statements as at December 31, 2016, December 31, 2015 and December 31, 2014. They are independent as determined by the Institute of Chartered Accountants of Ontario.

OTHER MATERIAL FACTS

There are no other material facts about Canntab, Telferscot or the Resulting Issuer that are not disclosed elsewhere in this Information Circular.

SCHEDULE "I"

Canntab Therapeutics Limited

Condensed Interim Financial Statements

**For the three and six months ended
November 30, 2016 and 2017**

(Unaudited)

(in Canadian Dollars)

Canntab Therapeutics Limited
Condensed Interim Statement of Financial Position
(in Canadian Dollars)
Unaudited

	November 30, 2017	May 31, 2017
Assets		
Current		
Cash	\$ 599,823	\$ 958,620
Other receivables (Note 4)	59,064	40,697
	658,887	999,317
Equipment (Note 6)	123,073	98,958
Intangible assets (Note 5)	38,000	39,000
Total Assets	\$ 819,960	\$ 1,137,275
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 45,888	\$ 98,720
Deferred revenue (Note 3)	33,333	-
	79,221	98,720
Non-current liabilities		
Deferred revenue (Note 3)	161,112	-
Total Liabilities	\$ 240,333	\$ 98,720
Shareholders' Equity		
Share capital (Note 7)	1,400,107	1,400,107
Contributed surplus	754,700	754,700
Deficit	(1,575,180)	(1,116,252)
	579,627	1,038,555
Total Liabilities and Shareholders' Equity	\$ 819,960	\$ 1,137,275

The accompanying notes are an integral part of these unaudited condensed financial statements.

Approved by the Board

Richard Goldstein
Director (Signed)

Jeff Renwick
Director (Signed)

Canntab Therapeutics Limited
Condensed Interim Statement of Loss and Comprehensive Loss
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

	Six months ended November 30, 2017	Six months ended November 30, 2016	Three months ended November 30, 2017	Three months ended November 30, 2016
Revenue				
Licensing fee revenue (Note 3)	\$ 5,555	\$ -	\$ 5,555	\$ -
Expenses				
Research and development	42,218	-	24,918	-
Consulting fees (Note 10)	204,190	15,000	123,390	15,000
Professional fees	75,580	-	5,450	-
Rent expense (Note 10)	60,000	16,000	30,000	16,000
Depreciation and amortization (Note 5 and 6)	15,843	-	-	-
General and administrative expenses	11,322	242	5,377	242
Salaries and benefits	55,330	-	22,467	-
	464,483	31,242	211,602	31,242
Net loss and comprehensive loss for the period	\$ (458,928)	\$ (31,242)	\$ (206,047)	\$ (31,242)
Net loss per share - basic and diluted (Note 11)	\$ (0.10)	\$ (0.01)	\$ (0.04)	\$ (0.01)
Weighted average shares outstanding	4,713,000	3,314,024	4,713,000	3,328,202

The accompanying notes are an integral part of these unaudited condensed financial statements.

Canntab Therapeutics Limited
Condensed Interim Statement of Changes in Shareholders' Equity
For the three and six months ended November 30, 2017 and 2016
(In Canadian Dollars)
Unaudited

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
Balance May 31, 2016	-	\$ 60,207	\$ -	\$ -	\$ 60,207
Private placements and share issuances	238,200	238,200	-	-	238,200
Net loss for the period	-	-	-	31,242	31,242
Balance November 30, 2016	238,200	\$ 298,407	\$ -	\$ 31,242	\$ 329,649
Balance May 31, 2017	4,713,000	\$ 1,400,107	\$ 754,700	\$ (1,116,252)	\$ 1,038,555
Net loss for the period	-	-	-	(458,928)	(458,928)
Balance November 30, 2017	4,713,000	\$ 1,400,107	\$ 754,700	\$ (1,575,180)	\$ 579,627

The accompanying notes are an integral part of these unaudited condensed financial statements.

Canntab Therapeutics Limited
Condensed Interim Statement of Cash Flows
For the six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

	November 30, 2017	November 30, 2016
Cash flows from operations		
Net loss for the period	\$ (458,928)	\$ (31,242)
Items not effecting cash:		
Depreciation and amortization (Notes 5 and 6)	15,843	-
Changes in other receivables	(18,367)	(2,169)
Changes in deferred revenue	194,445	-
Changes in trade and other payables	(52,832)	-
	(319,839)	(33,411)
Investing activities		
Purchase of equipment (Note 6)	(38,958)	-
	(38,958)	-
Financing activities		
Proceeds from the issuance of common shares	-	238,200
	-	238,200
Net change in cash	(358,797)	204,789
Cash, beginning of period	958,620	-
Cash, end of period	\$ 599,823	\$ 204,789

The accompanying notes are an integral part of these unaudited condensed financial statements.

1. INCORPORATION AND NATURE OF BUSINESS

Canntab Therapeutics Limited (the “Company”) was incorporated on April 20, 2016 under the Canada Business Corporations Act, with its head office located at 223 Riviera Drive, Markham, Ontario. The Company uses a licensed proprietary technology to produce extended release capsules and tablets containing cannabis resin.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Since the financial statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s audited annual financial statements for the year ended May 31, 2017.

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the three and six months period ended November 30, 2017. These financial statements were approved and authorized for issue by the Board of Directors on January 3, 2018. The estimates and underlying assumptions are reviewed on an on-going basis. The estimates used in preparing the financial statements are the same as those followed in preparing the most recent audited annual consolidated financial statements.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss (“FVTPL”), available for sale, FVTPL liabilities or other financial liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	Fair value through profit and loss
Other receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Intangible Assets

Intangible assets are recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization commences when the intangible asset is available for use and for patented assets is computed on a straight-line basis over the intangible asset's estimated useful life. The Company's only intangible asset consists of a license agreement which is being amortized over a 20-year period.

Equipment

Equipment is stated at cost, net of accumulated depreciation and impairment losses if any. The equipment on the financial statements is production equipment which is depreciated straight line at a rate of 30% a year.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of operations and comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

Equity

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

The Company accounts for warrants using the Black-Scholes pricing model at the date of issuance. The value of the warrants at the date of issuance is included in contributed surplus.

Stock-based Compensation

The Company has a stock option plan for directors, officers and employees. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over each tranche's vesting period, based on the number of awards expected to vest, with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly, with any impact being recognized immediately. When options are exercised, the amount received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

Estimates

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

Areas where estimates are significant to these financial statements are as follows:

- (a) The estimates used in determining the stock option and warrant fair values, utilizes estimates made by management in determining the appropriate input variables in the Black-Scholes valuation model.
- (b) The carrying value of intangible assets that are included in the statements of financial position are based on management assessments of the recoverable amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per Share

Basic loss per share is calculated on the basis of losses attributable to the holders of common shares, divided by the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares are exercised or converted to common shares. Diluted loss per share is equal to basic loss per share when the effect of dilutive securities is anti-dilutive.

Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Accounting Standards Issued but Not Yet Applied

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory and which the Company reasonably expects to be applicable for later periods are listed below. The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements.

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The Company anticipates that this standard will be adopted in the Company's financial statements for the year beginning January 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Issued but Not Yet Applied (Continued)

IFRS 16, Leases (“IFRS 16”) was issued on January 13, 2016. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, “Revenue from Contracts with Customers” at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, “Leases”. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 15, “Revenue from Contracts and Customers” (“IFRS 15”) was issued by the IASB on May 28, 2014, and will replace IAS 18, “Revenue” and IAS 11, “Construction Contracts, and Related Interpretations on Revenue”. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this pronouncement.

3. LICENSING FEE REVENUE

On October 3, 2017, the Company entered into an exclusive collaboration and license agreement (“the Agreement”) with Emblem Cannabis Corp. (“Emblem”). Under the agreement, Emblem and the Company will collaborate on the preclinical formulation, clinical development, regulatory approval, manufacturing and commercialization of the Company’s patent-pending oral sustained release formulation for cannabinoids.

Upon execution of the agreement, the Company received a non-refundable payment from Emblem of \$200,000, which has been recorded as a deferred revenue and is being amortized over the contract term of 6 years. \$5,555 of revenue has been recorded as licensing fee revenue on the statement of loss and comprehensive loss for the three and six months ended November 30, 2017.

The Agreement calls for Emblem to make payments of up to \$600,000 to the Company upon achievement of certain milestones involving stability studies, bioavailability studies and regulatory approval of the Company’s patent-pending oral sustained release formulation for cannabinoids.

The Agreement also calls for Emblem to make royalty payments to the Company based upon gross sales of the oral sustained release tablet formulation of cannabinoids developed.

4. OTHER RECEIVABLES

As at November 30, 2017 and May 31, 2017 other receivables consisted primarily of HST receivable.

Canntab Therapeutics Limited
Notes to Interim Financial Statements
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

5. INTANGIBLE ASSETS

	License Agreement	
Cost		
As at May 31, 2017	\$	40,000
Additions		-
As at November 30, 2017	\$	40,000
Accumulated Amortization		
As at May 31, 2017	\$	1,000
Amortization		1,000
As at November 30, 2017	\$	2,000
Net Book Value		
As at May 31, 2017	\$	39,000
As at November 30, 2017	\$	38,000

Canntab Therapeutics Limited
Notes to Interim Financial Statements
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

6. EQUIPMENT

	Equipment	
Cost		
As at May 31, 2017	\$	99,573
Additions		38,959
As at November 30, 2017	\$	138,532
Accumulated Depreciation		
As at May 31, 2017	\$	615
Depreciation		14,844
As at November 31, 2017	\$	15,459
Net Book Value		
As at May 31, 2017	\$	98,958
As at November 30, 2017	\$	123,073

7. SHARE CAPITAL

	Six-months Ended	
	November 30 2017	May 31, 2017
Authorized - Unlimited Common Shares		
Issued - 4,713,000 common shares	\$ 1,400,107	\$ 1,400,107

No additional common shares were issued during the three and six months period ended November 30, 2017.

Canntab Therapeutics Limited
Notes to Interim Financial Statements
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

8. STOCK OPTIONS

On April 20, 2016, the Company's directors approved and adopted a stock option plan (the "2016 Plan") for directors, officers, employees and consultants. The aggregate number of shares that may be reserved for issuance under the plan cannot exceed 10% of the total outstanding shares issued.

The following table summarizes outstanding options as at November 30, 2017:

	Number of Options	Exercise Price	Weighted-Average Remaining Life	Black-Scholes Valuation Inputs				
				Expected Dividend Yield	Risk-Free Interest Rate	Expected Life	Expected Volatility	Forfeiture Rate
May 31, 2017	471,300	\$ 1.00	4.73 Years	0%	1.03%	5 Years	150%	0%
Granted								
Cancelled or expired	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
November 30, 2017	471,300	\$1.00	4.23 Years	-				

9. SPECIAL WARRANTS & BROKER OPTIONS

The following table summarizes warrants for the period ended November 30, 2017:

	Number of Options	Exercise Price	Weighted-Average Remaining Life	Black-Scholes Valuation Inputs		
				Risk-Free Interest Rate	Expected Life	Expected Volatility
May 31, 2017	300,000	\$ 1.00	4.73 Years	1.03%	5 Years	150%
Granted						
Cancelled or expired	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
November 30, 2017	300,000	\$1.00	4.23 Years			

Canntab Therapeutics Limited
Notes to Interim Financial Statements
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

9. SPECIAL WARRANTS & BROKER OPTIONS (Continued)

The following table summarizes broker options for the period ended November 30, 2017:

	Number of Options	Exercise Price	Weighted-Average Remaining Life	Black-Scholes Valuation Inputs		
				Risk-Free Interest Rate	Expected Life	Expected Volatility
May 31, 2017	80,250	\$ 0.15	1.73 Years	1.03%	2 Years	150%
Granted						
Cancelled or expired	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
November 30, 2017	80,250	\$0.15	1.23 Years			

10. RELATED PARTY TRANSACTIONS AND BALANCES

- i) The Company incurred consulting fees of \$118,000 to its key management during the six months ended November 30, 2017 (November 30, 2016 - \$NIL).
- ii) The Company is related to CMAX Technologies Inc. by virtue of common control. The Company paid \$60,000 (November 30, 2016 - \$16,000) of rent to CMAX during the six months ended November 30, 2017.

11. NET LOSS PER SHARE

There is no difference between the basic and diluted loss per share, as the effect of the stock options, special warrants and broker options would be anti-dilutive.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of share capital and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

13. FINANCIAL RISK FACTORS

The Company's financial instruments, consisting of cash, other receivables and accounts payable and accrued liabilities, approximate fair value due to the relatively short-term maturity of the instruments.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit rate risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at November 30, 2017, the Company had a cash balance of \$599,823 to settle current liabilities of \$45,888 and, as such, is not exposed to significant liquidity risk. All the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risks. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. As the Company's investments are short-term in nature, interest rate risk is remote.

b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk

14. LETTER OF INTENT WITH TELFERSCOT RESOURCES INC.

On November 27, 2017, the Company signed a binding letter of intent ("LOI") with Telferscot Resources Inc. ("Telferscot"). The LOI calls for Telferscot to acquire the issued and outstanding shares of the Company. The LOI calls for the consolidation of the Telferscot shares on the basis of one post-consolidated share for each two hundred pre-consolidation shares. Telferscot will then acquire all of the outstanding shares of the Company at a ratio of four post consolidated Telferscot shares for every one share of the Company (the "Transaction"). A definitive agreement is anticipated to be completed January 2018, with the Transaction expected to close in February of 2018.

Canntab Therapeutics Limited

Condensed Interim Financial Statements

**For the three and six months ended
November 30, 2016 and 2017**

(Unaudited)

(in Canadian Dollars)

Canntab Therapeutics Limited
Condensed Interim Statement of Financial Position
(in Canadian Dollars)
Unaudited

	November 30, 2017	May 31, 2017
Assets		
Current		
Cash	\$ 599,823	\$ 958,620
Other receivables (Note 4)	59,064	40,697
	658,887	999,317
Equipment (Note 6)	123,073	98,958
Intangible assets (Note 5)	38,000	39,000
Total Assets	\$ 819,960	\$ 1,137,275
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 45,888	\$ 98,720
Deferred revenue (Note 3)	33,333	-
	79,221	98,720
Non-current liabilities		
Deferred revenue (Note 3)	161,112	-
Total Liabilities	\$ 240,333	\$ 98,720
Shareholders' Equity		
Share capital (Note 7)	1,400,107	1,400,107
Contributed surplus	754,700	754,700
Deficit	(1,575,180)	(1,116,252)
	579,627	1,038,555
Total Liabilities and Shareholders' Equity	\$ 819,960	\$ 1,137,275

The accompanying notes are an integral part of these unaudited condensed financial statements.

Approved by the Board

Richard Goldstein
Director (Signed)

Jeff Renwick
Director (Signed)

Canntab Therapeutics Limited
Condensed Interim Statement of Loss and Comprehensive Loss
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

	Six months ended November 30, 2017	Six months ended November 30, 2016	Three months ended November 30, 2017	Three months ended November 30, 2016
Revenue				
Licensing fee revenue (Note 3)	\$ 5,555	\$ -	\$ 5,555	\$ -
Expenses				
Research and development	42,218	-	24,918	-
Consulting fees (Note 10)	204,190	15,000	123,390	15,000
Professional fees	75,580	-	5,450	-
Rent expense (Note 10)	60,000	16,000	30,000	16,000
Depreciation and amortization (Note 5 and 6)	15,843	-	-	-
General and administrative expenses	11,322	242	5,377	242
Salaries and benefits	55,330	-	22,467	-
	464,483	31,242	211,602	31,242
Net loss and comprehensive loss for the period	\$ (458,928)	\$ (31,242)	\$ (206,047)	\$ (31,242)
Net loss per share - basic and diluted (Note 11)	\$ (0.10)	\$ (0.01)	\$ (0.04)	\$ (0.01)
Weighted average shares outstanding	4,713,000	3,314,024	4,713,000	3,328,202

The accompanying notes are an integral part of these unaudited condensed financial statements.

Canntab Therapeutics Limited
Condensed Interim Statement of Changes in Shareholders' Equity
For the three and six months ended November 30, 2017 and 2016
(In Canadian Dollars)
Unaudited

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
Balance May 31, 2016	-	\$ 60,207	\$ -	\$ -	\$ 60,207
Private placements and share issuances	238,200	238,200	-	-	238,200
Net loss for the period	-	-	-	31,242	31,242
Balance November 30, 2016	238,200	\$ 298,407	\$ -	\$ 31,242	\$ 329,649
Balance May 31, 2017	4,713,000	\$ 1,400,107	\$ 754,700	\$ (1,116,252)	\$ 1,038,555
Net loss for the period	-	-	-	(458,928)	(458,928)
Balance November 30, 2017	4,713,000	\$ 1,400,107	\$ 754,700	\$ (1,575,180)	\$ 579,627

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Canntab Therapeutics Limited
Condensed Interim Statement of Cash Flows
For the six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

	November 30, 2017	November 30, 2016
Cash flows from operations		
Net loss for the period	\$ (458,928)	\$ (31,242)
Items not effecting cash:		
Depreciation and amortization (Notes 5 and 6)	15,843	-
Changes in other receivables	(18,367)	(2,169)
Changes in deferred revenue	194,445	-
Changes in trade and other payables	(52,832)	-
	(319,839)	(33,411)
Investing activities		
Purchase of equipment (Note 6)	(38,958)	-
	(38,958)	-
Financing activities		
Proceeds from the issuance of common shares	-	238,200
	-	238,200
Net change in cash	(358,797)	204,789
Cash, beginning of period	958,620	-
Cash, end of period	\$ 599,823	\$ 204,789

The accompanying notes are an integral part of these unaudited condensed financial statements.

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The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the three and six months period ended November 30, 2017. These financial statements were approved and authorized for issue by the Board of Directors on January 3, 2018. The estimates and underlying assumptions are reviewed on an on-going basis. The estimates used in preparing the financial statements are the same as those followed in preparing the most recent audited annual consolidated financial statements.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss (“FVTPL”), available for sale, FVTPL liabilities or other financial liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	Fair value through profit and loss
Other receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Intangible Assets

Intangible assets are recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization commences when the intangible asset is available for use and for patented assets is computed on a straight-line basis over the intangible asset's estimated useful life. The Company's only intangible asset consists of a license agreement which is being amortized over a 20-year period.

Equipment

Equipment is stated at cost, net of accumulated depreciation and impairment losses if any. The equipment on the financial statements is production equipment which is depreciated straight line at a rate of 30% a year.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of operations and comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

Equity

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

The Company accounts for warrants using the Black-Scholes pricing model at the date of issuance. The value of the warrants at the date of issuance is included in contributed surplus.

Stock-based Compensation

The Company has a stock option plan for directors, officers and employees. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over each tranche's vesting period, based on the number of awards expected to vest, with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly, with any impact being recognized immediately. When options are exercised, the amount received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

Estimates

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

Areas where estimates are significant to these financial statements are as follows:

- (a) The estimates used in determining the stock option and warrant fair values, utilizes estimates made by management in determining the appropriate input variables in the Black-Scholes valuation model.
- (b) The carrying value of intangible assets that are included in the statements of financial position are based on management assessments of the recoverable amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per Share

Basic loss per share is calculated on the basis of losses attributable to the holders of common shares, divided by the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares are exercised or converted to common shares. Diluted loss per share is equal to basic loss per share when the effect of dilutive securities is anti-dilutive.

Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Accounting Standards Issued but Not Yet Applied

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory and which the Company reasonably expects to be applicable for later periods are listed below. The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements.

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The Company anticipates that this standard will be adopted in the Company's financial statements for the year beginning January 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Issued but Not Yet Applied (Continued)

IFRS 16, Leases (“IFRS 16”) was issued on January 13, 2016. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, “Revenue from Contracts with Customers” at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, “Leases”. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 15, “Revenue from Contracts and Customers” (“IFRS 15”) was issued by the IASB on May 28, 2014, and will replace IAS 18, “Revenue” and IAS 11, “Construction Contracts, and Related Interpretations on Revenue”. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this pronouncement.

3. LICENSING FEE REVENUE

On October 3, 2017, the Company entered into an exclusive collaboration and license agreement (“the Agreement”) with Emblem Cannabis Corp. (“Emblem”). Under the agreement, Emblem and the Company will collaborate on the preclinical formulation, clinical development, regulatory approval, manufacturing and commercialization of the Company’s patent-pending oral sustained release formulation for cannabinoids.

Upon execution of the agreement, the Company received a non-refundable payment from Emblem of \$200,000, which has been recorded as a deferred revenue and is being amortized over the contract term of 6 years. \$5,555 of revenue has been recorded as licensing fee revenue on the statement of loss and comprehensive loss for the three and six months ended November 30, 2017.

The Agreement calls for Emblem to make payments of up to \$600,000 to the Company upon achievement of certain milestones involving stability studies, bioavailability studies and regulatory approval of the Company’s patent-pending oral sustained release formulation for cannabinoids.

The Agreement also calls for Emblem to make royalty payments to the Company based upon gross sales of the oral sustained release tablet formulation of cannabinoids developed.

4. OTHER RECEIVABLES

As at November 30, 2017 and May 31, 2017 other receivables consisted primarily of HST receivable.

Canntab Therapeutics Limited
Notes to Interim Financial Statements
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

5. INTANGIBLE ASSETS

	License Agreement	
Cost		
As at May 31, 2017	\$	40,000
Additions		-
As at November 30, 2017	\$	40,000
Accumulated Amortization		
As at May 31, 2017	\$	1,000
Amortization		1,000
As at November 30, 2017	\$	2,000
Net Book Value		
As at May 31, 2017	\$	39,000
As at November 30, 2017	\$	38,000

Canntab Therapeutics Limited
Notes to Interim Financial Statements
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

6. EQUIPMENT

	Equipment	
Cost		
As at May 31, 2017	\$	99,573
Additions		38,959
As at November 30, 2017	\$	138,532
Accumulated Depreciation		
As at May 31, 2017	\$	615
Depreciation		14,844
As at November 31, 2017	\$	15,459
Net Book Value		
As at May 31, 2017	\$	98,958
As at November 30, 2017	\$	123,073

7. SHARE CAPITAL

	Six-months Ended	
	November 30 2017	May 31, 2017
Authorized - Unlimited Common Shares		
Issued - 4,713,000 common shares	\$ 1,400,107	\$ 1,400,107

No additional common shares were issued during the three and six months period ended November 30, 2017.

Canntab Therapeutics Limited
Notes to Interim Financial Statements
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

8. STOCK OPTIONS

On April 20, 2016, the Company's directors approved and adopted a stock option plan (the "2016 Plan") for directors, officers, employees and consultants. The aggregate number of shares that may be reserved for issuance under the plan cannot exceed 10% of the total outstanding shares issued.

The following table summarizes outstanding options as at November 30, 2017:

	Number of Options	Exercise Price	Weighted-Average Remaining Life	Black-Scholes Valuation Inputs				
				Expected Dividend Yield	Risk-Free Interest Rate	Expected Life	Expected Volatility	Forfeiture Rate
May 31, 2017	471,300	\$ 1.00	4.73 Years	0%	1.03%	5 Years	150%	0%
Granted								
Cancelled or expired	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
November 30, 2017	471,300	\$1.00	4.23 Years	-				

9. SPECIAL WARRANTS & BROKER OPTIONS

The following table summarizes warrants for the period ended November 30, 2017:

	Number of Options	Exercise Price	Weighted-Average Remaining Life	Black-Scholes Valuation Inputs		
				Risk-Free Interest Rate	Expected Life	Expected Volatility
May 31, 2017	300,000	\$ 1.00	4.73 Years	1.03%	5 Years	150%
Granted						
Cancelled or expired	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
November 30, 2017	300,000	\$1.00	4.23 Years			

Canntab Therapeutics Limited
Notes to Interim Financial Statements
For the three and six months ended November 30, 2017 and 2016
(in Canadian Dollars)
Unaudited

9. SPECIAL WARRANTS & BROKER OPTIONS (Continued)

The following table summarizes broker options for the period ended November 30, 2017:

	Number of Options	Exercise Price	Weighted-Average Remaining Life	Black-Scholes Valuation Inputs		
				Risk-Free Interest Rate	Expected Life	Expected Volatility
May 31, 2017	80,250	\$ 0.15	1.73 Years	1.03%	2 Years	150%
Granted						
Cancelled or expired	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
November 30, 2017	80,250	\$0.15	1.23 Years			

10. RELATED PARTY TRANSACTIONS AND BALANCES

- i) The Company incurred consulting fees of \$118,000 to its key management during the six months ended November 30, 2017 (November 30, 2016 - \$NIL).
- ii) The Company is related to CMAX Technologies Inc. by virtue of common control. The Company paid \$60,000 (November 30, 2016 - \$16,000) of rent to CMAX during the six months ended November 30, 2017.

11. NET LOSS PER SHARE

There is no difference between the basic and diluted loss per share, as the effect of the stock options, special warrants and broker options would be anti-dilutive.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of share capital and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

13. FINANCIAL RISK FACTORS

The Company's financial instruments, consisting of cash, other receivables and accounts payable and accrued liabilities, approximate fair value due to the relatively short-term maturity of the instruments.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit rate risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at November 30, 2017, the Company had a cash balance of \$599,823 to settle current liabilities of \$45,888 and, as such, is not exposed to significant liquidity risk. All the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risks. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. As the Company's investments are short-term in nature, interest rate risk is remote.

b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk

14. LETTER OF INTENT WITH TELFERSCOT RESOURCES INC.

On November 27, 2017, the Company signed a binding letter of intent ("LOI") with Telferscot Resources Inc. ("Telferscot"). The LOI calls for Telferscot to acquire the issued and outstanding shares of the Company. The LOI calls for the consolidation of the Telferscot shares on the basis of one post-consolidated share for each two hundred pre-consolidation shares. Telferscot will then acquire all of the outstanding shares of the Company at a ratio of four post consolidated Telferscot shares for every one share of the Company (the "Transaction"). A definitive agreement is anticipated to be completed January 2018, with the Transaction expected to close in February of 2018.

Canntab Therapeutics Limited

Management's Discussion and Analysis

For the three and six months ended November 30, 2016 and November 30, 2017

This Management's Discussion and Analysis ("**MD&A**") of financial position and results of operation is prepared as at January 17, 2018 and should be read in conjunction with the condensed interim financial statements for the three and six months ended November 30, 2016 and November 30, 2017, the audited annual financial statements and the notes thereto for the year ended May 31, 2017, and the Annual Management's Discussion and Analysis for the year ended May 31, 2017.

The condensed interim financial statements for the three and six months ended November 30, 2016 and November 30, 2017, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

This MD&A was prepared by management of Canntab Therapeutics Limited (the "**Company**"), and it and the condensed interim financial statements for the three and six months ended November 30, 2016 and November 30, 2017 were approved by the Board of Directors on January 17, 2018. All amounts are in Canadian dollars unless otherwise stated.

FORWARD LOOKING STATEMENTS

Certain statements contained within this document, and in certain documents incorporated herein by reference, constitute forward looking statements. These statements relate to future events or the Company's future performance. Forward looking statements are often, but not always, identified by the use of the words: "expect", "will", "would", "seek", "anticipate", "budget", "continue", "plan", "forecast", "may", "estimate", "intend", "could", "might", "should", "believe", "potential", "target" or other similar expressions or phrases. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. Management believes the expectations reflected in such forward looking statements to be reasonable based on information reviewed at the time of writing, but no assurance can be given that these expectations will prove to be correct or will lead to the expected result, and such forward looking statements included herein, or incorporated by reference into this document should not be unduly relied on.

These forward looking statements speak only as of the date of this document, or as of the date specified in the documents incorporated into this document by reference, as the case may be.

Actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth in this document. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic conditions, general business conditions, limited time being devoted to the business by directors, escalating professional fees, and escalating transaction costs. Readers are cautioned that the risk factors listed in this document are not exhaustive.

The forward looking statements contained in the document and documents incorporated by reference are expressly qualified by this cautionary statement. Management and the Company do not undertake any obligation to publicly update or revise any forward looking statements except as required by securities law.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (Ontario) on April 20, 2016. Its registered head office is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9.

The Company's principal business is research and development using proprietary technology for developing cannabis resin into extended release capsules and tablets.

On October 3, 2017, the Company entered into an exclusive marketing and sale license agreement with Emblem Cannabis Corporation, a Licensed Producer (the "**Licensed Producer**") for the Canadian market (the "**License Agreement**"). The following is a brief summary of the salient terms of the License Agreement:

- The License Agreement is for an initial term of 5 years and shall be automatically renewed thereafter for renewal terms of one year each.
- The License Agreement applies to proprietary the Company products being oral sustained release tablet formulations of cannabinoids (the "**Product**").
- The Company shall have the sole right to manufacture the Product.
- The raw materials (cannabis and cannabis oil) required to manufacture the Product shall be provided to the Company free of charge by the Licensed Producer.
- The Licensed Producer shall purchase the products manufactured by the Company at the Company's cost plus 15%.
- The Licensed Producer is responsible for all regulatory costs to obtain the required approvals to sell the Product in Canada at the Licensed Producer's sole cost and expense.

The Company will be entitled to the following milestone payments pursuant to the License Agreement:

- \$200,000 upon execution of the License Agreement;
- \$200,000 within forty-five (45) days following the development extended-release cannabis tablets acceptable to the Licensed Producer acting reasonably on the basis of in-vitro dissolution data;
- \$200,000 within forty-five (45) days following reasonably acceptable results from a stability study and an in-vivo bio-availability study confirming the Product provides "extended release". This in vivo study will involve 12 people and blood sampling over 12 hours;
- \$200,000 each upon the Licensed Producer being approved to sell pharmaceutically acceptable formulations of each of the three extended-release cannabinoid tablet formulations (high THC, balanced THC/CBD and high CBD) by Health Canada.

The Company will be entitled to the following royalty payments pursuant to the License Agreement:

- 10% of the gross sales the Licensed Producer receives from sales of each Product in the territory on sales up to and including \$15 million per year and 15% of gross sales on sales exceeding \$15 million per year.
- The Licensed Producer shall be the exclusive licensee in the territory providing that the Licensed Producer meets the following royalty payment thresholds:
 - First 12 months following first commercial sale: \$300,000.
 - Second 12 months following first commercial sale: \$1,200,000.
 - Third 12 months following first commercial sale and all subsequent 12 month periods: \$2,100,000.

If any of these thresholds are not met then the Licensed Producer shall have the option of making up the difference between the royalty-based payments and the thresholds. If the thresholds are not met and the Licensed Producer does not at its sole discretion make up the difference between the royalty-based payments and the thresholds, then the license shall at the Company's sole option terminate or the Company may designate the Licensed Producer as a non-exclusive licensee of the patents and the licensed know-how. In either event the Company may thereafter itself sell the Products or otherwise exercise the patent and know-how rights without restriction or license any number of third parties to sell the Products or otherwise exercise the patent and know-how rights without restriction.

EVALUATION OF DISCLOSURE, INTERNAL CONTROLS, AND PROCEDURES

Internal Control over Financial Reporting

Designing, establishing and maintaining adequate internal control over financial reporting is the responsibility of the Company's management. Internal control over financial reporting is a process designed by, or under the supervision of management, and affected by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements in compliance with IFRS. These controls include policies and procedures pertaining to the maintenance of records that, in reasonable detail, accurately reflect transactions pertaining to its assets; provide reasonable assurance that all transactions are recorded to permit the preparation of its financial statements and that expenditures are being made only in accordance with authorizations of management of the Company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. Management is responsible for establishing and maintaining internal control over financial reporting and has designed and implemented such controls to ensure that the required objectives of these internal controls have been met. The management of the Company applied its judgement in evaluating the cost-benefit relationship to controls and procedures. The result of which was, because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Minor control deficiencies have been identified within the Company's accounting and/or finance departments and its financial information systems over segregation of duties and user access respectively. Specifically, as is common for companies of this size, certain duties within the accounting and/or finance departments were not adequately segregated due to the limited number of individuals employed in these areas. At the present time, the CEO and CFO oversee all material transactions and related accounting records. The audit committee reviews the financial statements in detail, the key risks of the Company, and queries management about all significant transactions.

For the period covered by this MD&A there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RESULTS OF OPERATIONS

The financial statements for the three and six months ended November 30, 2016 and November 30, 2017 are incorporated by reference herein and form an integral part of this MD&A.

Revenue for the three months ended November 30, 2017 was \$5,555 versus nil for the same period in 2016. For the six months ended November 30, 2017, revenue was \$5,555 compared with nil for the same period last year.

Operating expenses for the three months ended November 30, 2017 were \$211,602 versus \$31,242 for the same period in 2016. For the six months ended November 30, 2017, operating expenses were \$464,483 compared with \$31,242 for the same period last year. Operating expenses in all periods consisted of professional fees, consulting fees, management fees, lease payments and other R&D related expenses.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

	September 1, 2017 to November 30, 2017	June 1, 2017 to August 31, 2017	March 1, 2017 to May 31, 2017	December 1, 2016 to February 28, 2017	September 1, 2016 to November 30, 2016	June 1, 2016 to August 31, 2016	Period from Incorporation on April 20, 2016 to May 31, 2017
Revenues	\$5,555	\$683-	\$313	\$0	\$0	\$0	\$
Net (loss) income for the period	(\$206,047)	(\$184,064)	\$(991,364)	\$(93,647)	(\$31,242)	(\$0)	(\$0)
Basic and diluted income (loss) per share	(\$0.04)	(\$0.04)	(\$0.21)	(\$0.02)	(\$0.01)	-	-

RELATED PARTY TRANSACTIONS

Since the inception of the Company, the related party transactions of the Company have been:

- i) During the three and six months ended November 30, 2017, the Company incurred consulting fees of \$123,390 and \$204,190 to its key management (2016 - \$15,000 and \$15,000). \$0 was unpaid as at November 30, 2017 and is currently captioned within accounts payable and accrued liabilities.
- ii) The Company is related to CMAX Technologies Inc. ("**CMAX**") by virtue of common control. During the three and six months ended November 30, 2017, the Company paid \$30,000 and \$60,000 of rent to CMAX (2016 \$16,000 and \$16,000). The Company also entered into a lease agreement, dated December 1, 2016, whereby the Company is obligated to 12 consecutive monthly payments of \$10,000.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2017, the Company had cash of \$599,823 (November 30, 2016 - \$204,789). The Company's accounts payable and accrued liabilities outstanding as at November 30, 2017 was \$45,888 (November 30, 2016 - \$0). The Company's working capital as at November 30, 2017 was \$579,666 (November 30, 2016 - \$-(31.242)).

The Company expects to have sufficient working capital to meet its current period's anticipated financial obligations. As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Period ended November 30, 2017

Cash used in operating activities

The Company used cash in operating activities of \$458,928 for the period ended November 30, 2017 (November 30, 2016 - \$31,242), caused primarily from on-going professional fees and general and administrative expenses. The Company expect to continue to generate negative cash from operating activities in the future until at least the Company commences revenue generation.

Cash provided by financing activities

The Company generated cash of nil from financing activities for the period ended November 30, 2017 (November 30, 2016 - \$238,200), principally from share capital issuance, net of finance cost.

CAPITAL STOCK AND DEFICIT

The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value. As at the date hereof 4,713,000 common shares were issued and outstanding as fully paid and non-assessable.

Shareholders' equity at November 30, 2017, was \$579,627 (November 30, 2016 – \$(31,242) deficit).

The following convertible securities were outstanding at the date hereof:

	Exercise Price	Outstanding	Common Shares on Exercise
Options	\$1.00	471,300	471,300
Special Warrants	\$1.00	300,000	300,000
Finder Warrants	\$1.00	80,250	80,250
Subscription Receipts	\$4.00	1,251,914	1,251,914
Finder Warrants	\$4.00	87,634	87,634

RISKS AND UNCERTAINTIES

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline and prospective investors may lose part or all of their investment.

The Company is focused on completing its Reverse Takeover and listing on the Canadian Securities Exchange.

Management anticipates completing a Canadian license deal with an Ontario based Health Canada approved Licensed Producer. It further anticipates entering into a co-location agreement with a licensed US resin producer in the ensuing months. The Company has sufficient funds to complete these tasks as well as all administration and corporate overheads until the completion of the Reverse Takeover.

Negative Operating Cash Flows

As the Company is at the early start-up stage it may continue to have negative operating cash flows. However, the Company expects the proceeds raised pursuant to the Subscription Receipt Offering (as defined below) will enable it to fund its operations following the Amalgamation (as defined below).

No Operating History

The Company was incorporated on April 20, 2016, has not commenced commercial operations. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Financial Instruments and Other Instruments

The carrying value of cash, accounts and liabilities approximates fair value due to the short-term nature of these instruments. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

Substantially all of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

Dilution

If the Company issues treasury shares to finance acquisition or participation opportunities, control of the Company may change and subscribers may suffer dilution of their investment.

Credit Risk

Credit risk is the risk of a loss if counterparty to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses which may damage the Company's reputation. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

Reliance on Management

The Company is relying solely on the past business success of its directors and officers for its commercial operations. The success of the Company is dependent upon the efforts and abilities of its directors and officers. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

Directors and Officers

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company but will be devoting such time as required to effectively manage the Company. Some of the directors and officers of the Company are engaged and will continue to be engaged in the search for assets or businesses on their own behalf or on behalf of others such that conflicts may arise from time to time. As a consequence of such conflicts, the Company may be exposed to liability and its ability to

achieve its business objectives may be impaired. Additionally, directors and officers of the Company may also serve as directors and/or officers of other reporting issuers from time to time.

Current Markets

In addition to the risks outlined above, the extreme volatility occurring in the financial markets has a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. An investment in the Company is highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

OTHER INFORMATION

Contractual Obligations

The Company entered into a lease agreement, dated December 1, 2016, whereby the Company is obligated to 12 consecutive monthly payments of \$10,000.

Off Balance Sheet Arrangements

As at November 30, 2017, the Company had no material arrangements off its condensed interim financial statements for the three and six months ended November 30, 2016 and November 30, 2017 such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market, or credit risk to the Company.

Going Concern

Management has prepared its unaudited condensed interim financial statements using accounting principles applicable to a going concern which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. Should the going concern assumption no longer be valid, adjustments would be required to the carrying values of assets and liabilities and to the reported expenses, and unaudited condensed interim statements of financial position classifications.

IFRS accounting policies and estimates

The Company's key accounting policies and significant estimates made by management under IFRS are as follows:

Basis of presentation and Statement of Compliance

These financial statements, including comparative periods, have been prepared in accordance with IFRS, as issued by the IASB.

These financial statements are prepared using IFRS in effect as at November 30, 2017. Significant accounting policies and the applicable basis of measurement used in the preparation of these financial statements are described below.

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

These financial statements were authorized by the Board of Directors on January 17, 2018.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and investment-grade deposit certificates with original maturities of three months or less. Cash and cash equivalents are held with a Canadian Chartered Bank. As at November 30, 2017, the Company did not hold any cash equivalents.

Financial instruments

Financial assets

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below based on their classification in the following categories:

Loans and receivables, Financial assets at fair value through profit or loss and Held to Maturity financial assets

The Company has no financial instruments classified as loans and receivables, held to maturity or available for sale.

Financial assets at fair value through profit or loss (FVTPL)

An instrument is classified as fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Cash is classified as FVTPL.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Liabilities in this category include accounts payable and accrued liabilities.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or, other valuation models.

Income taxes

Income tax included in operations for the periods presented comprises current and deferred tax. Income tax is recognized in operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Such estimates include, but are not limited to, the valuation of share-based payments and income tax accounts.

Future Accounting Standards and Interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board that have not yet been applied. The Company is currently assessing the impact of these standards and does not plan on early adoption. The standards impacted that are applicable to the Company are as follows:

IFRS 9, 'Financial Instruments' was issued in November 2009, then amended in December 2011, is the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting.

IFRS 10, "Consolidation" requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standing Interpretations Committee ("SIC)-1212 Consolidation – Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. This standard is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 11, 'Joint Arrangements' requires a venture to classify its interest in a joint arrangement as a joint venture or joint operations. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operations. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31, Interest in Joint Ventures, and SIC-13, Joint Controlled Entities – Nonmonetary Contributions by Venturers. This standard is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 12, 'Disclosure of Interest in Other Entities' establishes disclosure requirements for interest in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. This standard is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 13, 'Fair Value Measurement' is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 7, 'Financial Instruments - Disclosures' (IFRS 7), was amended by the IASB in December 2011 the disclosure of information that will enable users of an entity's financial statements to evaluate the effect, or potential effect, of offsetting financial assets and financial liabilities, to the entity's financial position. This amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 1 Presentation of Financial Statements Presentation of Items in Other Comprehensive Income (IAS 1). In June 2011, the IASB issued amendments to IAS 1 that require an entity to separate items presented in other comprehensive income into two groups, based on whether or not the items may be recycled to profit and loss. For those items presented before tax, the amendments to IAS 1 also require that the tax related to the two separate groups be presented separately. The amendment is effective for annual periods beginning on or after July 1, 2012. IAS 1 was also amended as a result of the annual improvements 2009-11 cycle which clarifies the minimum requirements for comparative information in financial statements.

IAS 32, Financial Instruments: Presentation (IAS 32), was amended by the IASB in December 2011 to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. Early adoption is permitted.

Proposed Transaction

On January 12, 2018, Telferscot Resources Inc. ("Telferscot"), the Company, and 2611780 Ontario Inc.

("Numco") entered into an amalgamation agreement (the "Amalgamation Agreement"), pursuant to which the parties intend to complete a business combination by way of a three-cornered amalgamation (the "Amalgamation") under the Business Corporations Act (Ontario). Under the terms of the Amalgamation Agreement the Company will amalgamate with Numco and carry on the current business of the Company as a wholly owned operating subsidiary of Telferscot, which will then file articles of amendment to change its name to Canntab Therapeutics Limited (the "Resulting Issuer").

Prior to the Amalgamation, Telferscot will consolidate its common shares on the basis of one post-consolidated common share for each 200 pre-consolidation common shares (the "Consolidation").

Pursuant to the terms of the Amalgamation Agreement, each shareholder of the Company will be entitled to receive four (4) common shares (a "Common Share") of Telferscot for every one (1) common share of the Company held by such shareholder (the "Exchange Ratio"). In addition, each holder of a stock option or warrant of the Company will receive an equal number replacement stock options, warrants and broker warrants of Telferscot, as applicable.

In connection with the Amalgamation, the Company completed a private placement of 1,251,914 subscription receipts ("Subscription Receipt") at a price of \$4.00 per Subscription Receipt for gross proceeds of \$5,007,656 on December 19, 2017 and December 29, 2017 (the "Subscription Receipt Offering"). Immediately prior to the closing of the Amalgamation, each Subscription Receipt will convert, with no additional consideration or action by the holder, to one common share of the Company (each a "Canntab Share"), which shall be subsequently exchanged for four common shares of the Resulting Issuer pursuant to the terms of the Amalgamation Agreement.

The gross proceeds of the Subscription Receipts have been delivered into escrow on behalf of the purchasers of Subscription Receipts, to be held by a third party subscription receipt agent until the date on which the escrow release conditions are satisfied.

For the finder's services in connection with the Subscription Receipt Offering, the Company agreed to pay a corporate finance fee equal to two percent (2%) of the gross proceeds of the Subscription Receipt Offering and a sale commission equal to five percent (5%) of the gross proceeds of the Subscription Receipt Offering, which shall be paid on the completion of the Amalgamation. Additionally, the Company agreed to grant to the finder such number of corporate finance warrants as is equal to two percent (2%) of the Subscription Receipts sold pursuant to the Subscription Receipt Offering and selling compensation warrants (collectively with the corporate finance warrants, the "Compensation Warrants") as is equal to five percent (5%) of the Subscription Receipts sold pursuant to the Subscription Receipt Offering, for a total of to 87,634 Compensation Warrants. Each Compensation Warrant shall, subject to completion of the Amalgamation, entitle the holder thereof to acquire one (1) Canntab Share at a price of \$4.00 per Canntab Share for a period of twenty-four (24) months from issuance. For greater certainty, in the event the Amalgamation is not completed the finder will not be able to exercise the Compensation Warrants.

Additional Disclosure for Venture Issuers Without Significant Revenue

General and administrative

	Three Months Ended		Six Months Ended	
	November 30,		November 30,	
	2017 (\$)	2016 (\$)	2017 (\$)	2016 (\$)
Administrative	11,322	242	11,322	242
Professional fees	75,580	Nil	75,580	Nil
Salaries and benefits	55,330	Nil	55,330	Nil
Transfer agent, listing and filing fees	Nil	Nil	Nil	Nil
Total	142,232	242	142,232	242

Canntab Therapeutics Limited

Management's Discussion and Analysis

For the year ended May 31, 2017

This Management's Discussion and Analysis ("MD&A") of financial position and results of operation is prepared as at May ●, 2017 and should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended May 31, 2017.

The audited annual financial statements for the year ended May 31, 2017, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A was prepared by management of Canntab Therapeutics Limited (the "**Company**"), and it and the audited financial statements of the Company for the year ended May 31, 2017 were approved by the Board of Directors on August ●, 2017. All amounts are in Canadian dollars unless otherwise stated.

FORWARD LOOKING STATEMENTS

Certain statements contained within this document, and in certain documents incorporated herein by reference, constitute forward looking statements. These statements relate to future events or the Company's future performance. Forward looking statements are often, but not always, identified by the use of words: "expect", "will", "would", "seek", "anticipate", "budget", "continue", "plan", "forecast", "may", "estimate", "intend", "could", "might", "should", "believe", "potential", "target" or other similar expressions or phrases. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. Management believes the expectations reflected in such forward looking statements to be reasonable based on information reviewed at the time of writing, but no assurance can be given that these expectations will prove to be correct or will lead to the expected result, and such forward looking statements included herein, or incorporated by reference into this document should not be unduly relied on.

These forward looking statements speak only as of the date of this document, or as of the date specified in the documents incorporated into this document by reference, as the case may be.

Actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth in this document. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic conditions, general business conditions, limited time being devoted to the business by directors, escalating professional fees, and escalating transaction costs. Readers are cautioned that the risk factors listed in this document are not exhaustive.

The forward looking statements contained in the document and documents incorporated by reference are expressly qualified by this cautionary statement. Management and the Company do not undertake any obligation to publicly update or revise any forward looking statements except as required by securities law.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (Ontario) on April 20, 2016. Its registered head office is located 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9.

The Company's principal business is the research and development using proprietary technology for developing cannabis resin into an extended release capsules and tablets.

EVALUATION OF DISCLOSURE, INTERNAL CONTROLS, AND PROCEDURES

Internal Control over Financial Reporting

Designing, establishing and maintaining adequate internal control over financial reporting is the responsibility of the Company's management. Internal control over financial reporting is a process designed by, or under the supervision of management, and affected by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements in compliance with International Financial Reporting Standards ("IFRS"). These controls include policies and procedures pertaining to the maintenance of records that, in reasonable detail, accurately reflect transactions pertaining to its assets; provide reasonable assurance that all transactions are recorded to permit the preparation of its financial statements and that expenditures are being made only in accordance with authorizations of management of the Company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. Management is responsible for establishing and maintaining internal control over financial reporting and has designed and implemented such controls to ensure that the required objectives of these internal controls have been met. The management of the Company applied its judgement in evaluating the cost-benefit relationship to controls and procedures. The result of which was, because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Minor control deficiencies have been identified within the Company's accounting and/or finance departments and its financial information systems over segregation of duties and user access respectively. Specifically, as is common for companies of this size, certain duties within the accounting and/or finance departments were not adequately segregated due to the limited number of individuals employed in these areas. At the present time, the CEO and CFO oversee all material transactions and related accounting records. The audit committee reviews the financial statements in detail, the key risks of the Company, and queries management about all significant transactions.

For the period covered by this MD&A there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

EXECUTIVE COMPENSATION

The following table sets forth information concerning the total compensation paid to the executives of the Company during the financial years ended May 31, 2017.

Name and Principal Position	Year	Salary (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
Jeff Renwick <i>Director and Chief Executive Officer</i>	2017	20,000 ⁽¹⁾	134,300 ⁽¹⁾	N/A ⁽¹⁾	N/A	N/A	N/A	154,300
Richard Goldstein <i>Director and Chief Financial Officer</i>	2017	20,000 ⁽¹⁾	134,300 ⁽¹⁾	N/A ⁽¹⁾	N/A	N/A	N/A	154,300

Note:

(1) The fair value of options and special warrants granted have been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: risk free interest rate of 1.03%; expected life of 5.0 years; dividend yield of nil; volatility of 150%; forfeiture rate of nil.

RESULTS OF OPERATIONS

The financial statements for the year ended May 31, 2017 are incorporated by reference herein and form an integral part of this MD&A.

During the period from incorporation on April 20, 2016 to May 31, 2017, the Company had no revenue.

Operating expenses for the period ended May 31, 2017 was \$● and consisted of professional fees, consulting fees, management fees, lease payments and other R&D related expenses.

SUMMARY OF ANNUAL FINANCIAL RESULTS

The following summarizes the Company's annual results for the year ended May 31, 2017:

	May 31, 2017
Revenue	Nil
Expenses	\$1,116,252
Net loss	(\$1,116,252)
Net loss per share	(\$0.30)

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

	April 1, 2017 to May 31, 2017	January 1, 2017 to March 31, 2017	October 1, 2016 to December 31, 2016	July 1, 2016 to September 30, 2016
Revenues	\$ -	\$ -	\$ -	\$ -
Net (loss) income for the period	(\$●)	(\$●)	(\$●)	(\$●)
Basic and diluted income (loss) per share	(\$0.●)	(\$0.●)	(\$0.●)	(\$0.●)

RELATED PARTY TRANSACTIONS

Since the inception of the Company, the related party transactions of the Company have been:

- i) The Company incurred consulting fees of \$40,000 to its key management during the period ended May 31, 2017. The full \$40,000 was unpaid as at May 31, 2017 and is currently captioned within accounts payable and accrued liabilities.
- ii) The Company is related to CMAX Technologies Inc. (“**CMAX**”) by virtue of common control. The Company paid \$54,000 of rent to CMAX during the period ended May 31, 2017. The Company also entered into a lease agreement, dated December 1, 2016, whereby the Company is obligated to 12 consecutive monthly payments of \$10,000.
- iii) The Company signed a development and commercialization license agreement with CMAX. Under the terms of the agreement CMAX has granted the Company an exclusive right, for a period of 20 years, to its pharmaceutical formulations and extended release technology in return for a cash payment of \$40,000. As at May 31, 2017 the \$40,000 remain unpaid and was included in accounts payable and accrued liabilities.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2017, the Company had cash of \$958,620. The Company's accounts payable and accrued liabilities outstanding as at May 31, 2017 was \$98,720. The Company's working capital as at May 31, 2017 was \$859,900.

The Company expects to have sufficient working capital to meet its current period's anticipated financial obligations. As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Year ended May 31, 2017

Cash used in operating activities

The Company used cash in operating activities of \$434,652 for the period ended May 31, 2017, caused primarily from on-going professional fees and general and administrative expenses. The Company expect to continue to generate negative cash from operating activities in the future until at least the Company commences revenue generation.

Cash provided by financing activities

The Company generated cash of \$1,473,207.47 from financing activities for the period ended May 31, 2017, principally from share capital issuance, net of finance cost.

CAPITAL STOCK AND DEFICIT

The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value. As at the date hereof 4,713,000 common shares were issued and outstanding as fully paid and non-assessable.

Shareholders' equity at May 31, 2017, was \$1,137,275.

The following convertible securities were outstanding at the date hereof:

	Expiry Date	Exercise Price	Outstanding	Common Shares on Exercise
Options	February 21, 2022	\$1.00	470,000	470,000
Special Warrants	February 21, 2019	\$1.00	300,000	300,000
Finder Warrants	February 21, 2019	\$1.00	80,250	80,250

RISKS AND UNCERTAINTIES

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline and prospective investors may lose part or all of their investment.

The Company is focused on completing its Initial Public Offering and listing on the Canadian Securities Exchange.

Management anticipates completing a Canadian license deal with an Ontario based Health Canada approved Licensed Producer. It further anticipates entering into a co-location agreement with a licensed US resin producer in the ensuing months. The Company has sufficient funds to complete these tasks as well as all administration and corporate overheads until the completion of the Initial Public Offering.

No Operating History

The Company was incorporated on April 20, 2016, has not commenced commercial operations. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Financial Instruments and Other Instruments

The carrying value of cash, accounts and liabilities approximates fair value due to the short-term nature of these instruments. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

Substantially all of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

Dilution

If the Company issues treasury shares to finance acquisition or participation opportunities, control of the Company may change and subscribers may suffer dilution of their investment.

Credit Risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses which may damage the Company's reputation. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

Reliance on Management

The Company is relying solely on the past business success of its directors and officers for its commercial operations. The success of the Company is dependent upon the efforts and abilities of its directors and officers. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

Directors and Officers

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company but will be devoting such time as required to effectively manage the Company. Some of the directors and officers of the Company are engaged and will continue to be engaged in the search for assets or businesses on their own behalf or on behalf of others such that conflicts may arise from time to time. As a consequence of such conflicts, the Company may be exposed to liability and its ability to achieve its business objectives may be impaired. Additionally, directors and officers of the Company may also serve as directors and/or officers of other reporting issuers from time to time.

Current Markets

In addition to the risks outlined above, the extreme volatility occurring in the financial markets has a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. An investment in the Company is highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

OTHER INFORMATION

Contractual Obligations

The Company entered into a lease agreement, dated December 1, 2016, whereby the Company is obligated to 12 consecutive monthly payments of \$10,000.

Off Balance Sheet Arrangements

As at May 31, 2017, the Company had no material arrangements off its audited Statements of Financial Position such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative

instrument obligations or any instruments that could trigger financing, market, or credit risk to the Company.

Going Concern

Management has prepared its unaudited condensed interim financial statements using accounting principles applicable to a going concern which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. Should the going concern assumption no longer be valid, adjustments would be required to the carrying values of assets and liabilities and to the reported expenses, and unaudited condensed interim statements of financial position classifications.

IFRS accounting policies and estimates

The Company's key accounting policies and significant estimates made by management under IFRS are as follows:

Basis of presentation and Statement of Compliance

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

These financial statements are prepared using IFRS in effect as at May 31, 2017. Significant accounting policies and the applicable basis of measurement used in the preparation of these financial statements are described below.

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

These financial statements were authorized by the Board of Directors on August ●, 2017.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and investment-grade deposit certificates with original maturities of three months or less. Cash and cash equivalents are held with a Canadian Chartered Bank. As at May 31, 2017, the Company did not hold any cash equivalents.

Financial instruments

Financial assets

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below based on their classification in the following categories:

Loans and receivables, Financial assets at fair value through profit or loss and Held to Maturity financial assets

The Company has no financial instruments classified as loans and receivables, held to maturity or available for sale.

Financial assets at fair value through profit or loss (FVTPL)

An instrument is classified as fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Cash is classified as FVTPL.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Liabilities in this category include accounts payable and accrued liabilities.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or, other valuation models.

Income taxes

Income tax included in operations for the periods presented comprises current and deferred tax. Income tax is recognized in operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of

common shares outstanding during the period, if dilutive. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Such estimates include, but are not limited to, the valuation of share-based payments and income tax accounts.

Future Accounting Standards and Interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board that have not yet been applied. The Company is currently assessing the impact of these standards and does not plan on early adoption. The standards impacted that are applicable to the Company are as follows:

IFRS 9, 'Financial Instruments' was issued in November 2009, then amended in December 2011, is the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting.

IFRS 10, "Consolidation" requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standing Interpretations Committee ("SIC)-1212 Consolidation – Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. This standard is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 11, 'Joint Arrangements' requires a venture to classify its interest in a joint arrangement as a joint venture or joint operations. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operations. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31, Interest in Joint Ventures, and SIC-13, Joint Controlled Entities – Nonmonetary Contributions by Venturers. This standard is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 12, 'Disclosure of Interest in Other Entities' establishes disclosure requirements for interest in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. This standard is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 13, 'Fair Value Measurement' is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 7, 'Financial Instruments - Disclosures' (IFRS 7), was amended by the IASB in December 2011 the disclosure of information that will enable users of an entity's financial statements to evaluate the effect, or potential effect, of offsetting financial assets and financial liabilities, to the entity's financial position. This amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 1 Presentation of Financial Statements Presentation of Items in Other Comprehensive Income (IAS 1). In June 2011, the IASB issued amendments to IAS 1 that require an entity to separate items presented in other comprehensive income into two groups, based on whether or not the items may be recycled to profit and loss. For those items presented before tax, the amendments to IAS 1 also require that the tax related to the two separate groups be presented separately. The amendment is effective for annual periods beginning on or after July 1, 2012. IAS 1 was also amended as a result of the annual improvements 2009-11 cycle which clarifies the minimum requirements for comparative information in financial statements.

IAS 32, Financial Instruments: Presentation (IAS 32), was amended by the IASB in December 2011 to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. Early adoption is permitted.

Additional Disclosure for Venture Issuers Without Significant Revenue

General and administrative

	From April 20, 2016, (date of incorporation) to May 31, 2017 \$
Administrative	\$43,109
Professional fees	\$54,100
Salaries and benefits	\$211,143
Transfer agent, listing and filing fees	\$0
Total	\$308,352

Telferscot Resources Inc.

Pro-Forma Consolidated Financial Statements

As at November 30, 2017

(Stated in \$CAD)

(Unaudited – Prepared by Management)

Telferscot Resources Inc.**Pro-Forma Consolidated Statement of Financial Position**

As at November 30, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

	Canntab Therapeutics Limited	Telferscot Resources Inc.	Note ref	Pro-forma adjustments	Pro-forma
	November 30, 2017	September 30, 2017			November 30, 2017
	\$	\$			\$
ASSETS					
Current:					
Cash	599,823	1,561	3(d)	5,007,656	5,609,040
Other receivables	59,064	0			59,064
Prepaid expenses	0	2,927			2,927
	<u>658,887</u>	<u>4,488</u>			<u>5,671,031</u>
Non-current:					
Equipment	123,073	0			123,073
Intangible assets	38,000	0			38,000
	<u>819,960</u>	<u>4,488</u>		<u>5,007,656</u>	<u>5,832,104</u>
LIABILITIES					
Current:					
Accounts payable and accrued liabilities	45,888	117,436	3(a)	50,000	213,324
Deferred revenue	33,333	0			33,333
	<u>79,221</u>	<u>117,436</u>			<u>246,657</u>
Non-current:					
Deferred revenue	161,112	0			161,112
	<u>240,333</u>	<u>117,436</u>			<u>407,769</u>
SHAREHOLDERS' EQUITY					
Share capital	1,400,107	3,039,629	3(b), 3(c) 3(b) 3(d)	(3,039,629) 574,485 5,007,656	6,982,248
Contributed surplus	754,700	187,804	3(b), 3(c)	(187,804)	754,700
Reserve for share based payments	0	50,750	3(b) 3(c)	(50,750) 50,750	50,750
Deficit	(1,575,180)	(3,391,131)	3(b), 3(c) 3(b) 3(a)	3,391,131 (738,183) (50,000)	(2,363,363)
	<u>579,627</u>	<u>(112,948)</u>			<u>5,424,335</u>
	<u>819,960</u>	<u>4,488</u>		<u>5,007,656</u>	<u>5,832,104</u>

Telferscot Resources Inc.**Pro-Forma Consolidated Statement of Loss and Comprehensive Loss****Twelve Month Period November 30, 2017****(Stated in \$CAD)*****(Unaudited - Prepared by Management)***

	Canntab Therapeutics Limited	Telferscot Resources Inc.	Note ref	Pro-forma adjustments	Pro-forma
	Twelve month period ended November 30, 2017	Nine month period ended September 30, 2017		P&L reclasses	Twelve month period ended November 30, 2017
	\$	\$			\$
Revenues					
Licensing fees	5,555	-			5,555
Expenses					
Research and development	82,903	-			82,903
Consulting fees	400,333	25,000		76,275	501,608
Professional fees	129,680	12,854			142,534
Rent expense	128,000	-			128,000
Depreciation and amortization	17,458	-			17,458
General and administrative	54,189	11,464		3,427	69,080
Share based payments	681,600	-			681,600
Salaries and benefits	55,330	-			55,330
Management fee expense	-	76,275		(76,275)	-
Shareholder communications and reporting issuer costs	-	18,770			18,770
Insurance	-	3,427		(3,427)	-
	<u>1,549,493</u>	<u>147,790</u>			<u>1,697,283</u>
Net loss and comprehensive loss	<u>(1,549,493)</u>	<u>(147,790)</u>			<u>(1,697,283)</u>

Telferscot Resources Inc.

Pro-Forma Consolidated Statement of Loss and Comprehensive Loss

Period Ended November 30, 2016

(Stated in \$CAD)

(Unaudited - Prepared by Management)

	Canntab	Telferscot	Note	Pro-forma adjustments		Pro-forma
	Therapeutics Limited	Resources Inc.	ref	P&L reclasses	Adjustments	Period ended November 30, 2016
	Period from incorporation (April 20, 2016) to November 30, 2016	Year ended December 31, 2016				Period ended November 30, 2016
	\$	\$				\$
Revenues						-
Gain on sale of KCC shares	-	907,634				907,634
Gain on exercise of option		34,721				34,721
	<u>-</u>	<u>942,355</u>				<u>942,355</u>
Expenses						
Consulting fees	15,000	-		92,925		107,925
Professional fees		118,474				118,474
Rent expense	16,000					16,000
General and administrative	242	-		20,655		24,892
				3,995		
Share based payments	-	50,750				50,750
Management fee expense		113,580		(92,925)		-
				(20,655)		
Shareholder communications and reporting issuer costs		24,725				24,725
Insurance		3,995		(3,995)		-
Write-off of HST ITC's in accounts receivable		56,134				56,134
Foreign exchange loss		54,920				54,920
Transaction costs (RTO)			3(b)		738,183	788,183
			3(a)		50,000	
	<u>31,242</u>	<u>422,578</u>				<u>1,242,003</u>
Net income (loss)	(31,242)	519,777				(299,648)
Item subsequently reclassified to net income (loss)						
Gain on sale of KCC shares	-	(924,887)				(924,887)
Net comprehensive income (loss)	<u>(31,242)</u>	<u>(405,110)</u>		<u>-</u>	<u>788,183</u>	<u>(1,224,535)</u>

Telferscot Resources Inc.
Notes to the Pro-Forma Consolidated Financial Statements
November 30, 2017
(Stated in \$CAD)
(Unaudited – Prepared by Management)

1. Basis of presentation

Telferscot Resources Inc. (“Telferscot”), Canntab Therapeutics Limited (“Canntab”) and 2611780 Ontario Inc. Canada Inc. (“Telferscot Subco”), a wholly owned subsidiary of Telferscot, entered into a definitive amalgamation agreement (the “Agreement”) on January 12, 2018, pursuant to which Canntab will acquire all the issued and outstanding common shares of Telferscot (the “Transaction”).

The Transaction will be affected by way of a three-cornered amalgamation, pursuant to which Canntab will amalgamate with Telferscot Subco. Following a consolidation of the common shares of Telferscot based on one post-consolidated common share for each 200 pre-consolidation common shares, holders of common shares of Canntab will receive four post-consolidation common share of the Issuer for each share of Canntab held. Following completion of the Transaction, the newly amalgamated company, which will hold all Canntab’s assets, will be a wholly-owned subsidiary of Telferscot. The completion of the Transaction remains subject to shareholder and regulatory approval.

The unaudited pro-forma consolidated statement of financial position and statements of income (loss) and comprehensive income (loss) have been prepared by management using accounting policies and practices consistent with those used in the preparation of Canntab’s recent consolidated financial statements. In the opinion of management, the unaudited pro-forma consolidated financial statements include all adjustments necessary for fair presentation. Certain significant estimates have been made by management in the preparation of these unaudited pro-forma consolidated financial statements the determination of the fair value of Telferscot’s assets and liabilities acquired and the fair value of the shares and options issued by Canntab as consideration.

The unaudited pro-forma consolidated statement of financial position and statements of income (loss) and comprehensive income (loss) have been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date indicated.

Although the transaction will result in Canntab legally becoming a wholly-owned subsidiary of Telferscot, the transaction will constitute a reverse takeover of Telferscot and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share Based Payments. As Telferscot did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction does not constitute a business combination. It has been treated as an issuance of shares by Canntab for the net monetary assets of Telferscot.

The transaction therefore has been accounted for as a capital transaction, with Canntab being identified as the accounting acquirer and the equity consideration measured at fair value. The consideration paid by Canntab to acquire Telferscot was measured based on the fair value of the equity instruments issued, considering the price per share of the most recent Canntab private placement that closed by December 29, 2017. In accordance with IFRS 2, the excess of the fair value of the equity instruments issued by Canntab over the value of the net monetary assets of Telferscot was recognized in the consolidated statement of income (loss) and comprehensive income (loss) as a non-cash loss on completion of the RTO. In addition, as options granted prior to the transaction by Telferscot remain exercisable after the completion of the reverse acquisition, the fair value of the options at the acquisition date are also included as part of the value of the purchase price consideration paid.

Telferscot Resources Inc.
Notes to the Pro-Forma Consolidated Financial Statements
November 30, 2017
(Stated in \$CAD)
(Unaudited – Prepared by Management)

1. Basis of presentation (continued)

Unaudited Pro-Forma Consolidated Statement of Financial Position

The unaudited pro-forma consolidated statement of financial position has been prepared from information derived from Canntab's unaudited condensed interim statement of financial position as at November 30, 2017 and Telferscot's unaudited condensed interim consolidated statement of financial position as at September 30, 2017.

Unaudited Pro-Forma Consolidated Statements of Loss and Comprehensive Loss

The unaudited pro-forma consolidated statement of loss and comprehensive loss for the period ended November 30, 2016 has been prepared from information derived from the unaudited financial statements of Canntab for the six-month period ended November 30, 2016 and the audited financial statements of Telferscot for the year ending December 31, 2016.

The unaudited pro-forma consolidated statement of comprehensive loss for the twelve-month period ended November 30, 2016 has been prepared from information derived from (a) the audited financial statements of Canntab for the year May 31, 2017, converted to a November 30, 2017 reporting period by (i) adding in the results of operations from the unaudited financial statements for the six month period ended November 30, 2017, and (ii) reversing out comparative figures (for the six month period ended November 30, 2016) included in the same referenced unaudited financial statements, and (b) the unaudited interim financial statements of Telferscot for the nine month period ended September 30, 2016.

The unaudited pro-forma consolidated statements of loss and comprehensive loss of Canntab and Telferscot have been presented assuming the Transaction had been completed on April 20, 2016, the incorporation date of Canntab.

2. Significant accounting policies

The accounting policies used in the preparation of these unaudited pro-forma consolidated financial statements are as set out in the Canntab consolidated financial statements as at, and for the periods ended, November 30, 2017 and May 31, 2017. In preparing the unaudited pro-forma consolidated financial information, consideration was given to identifying accounting policy differences between Canntab and Telferscot where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the proposed acquisition. However, the significant accounting policies of Canntab, after giving effect to the pro-forma adjustments, are believed to conform in all material respects to those of Telferscot.

Telferscot Resources Inc.
Notes to the Pro-Forma Consolidated Financial Statements
November 30, 2017
(Stated in \$CAD)
(Unaudited – Prepared by Management)

3. Pro-forma assumptions

The unaudited pro-forma consolidated financial statements give effect to the following assumptions and transactions:

The Transaction will be recorded for accounting purposes as an asset acquisition. In consideration for the acquisition of Telferscot, Canntab will acquire each outstanding Telferscot common share for one whole Canntab share. The Board of Directors of each company has unanimously approved the Transaction.

Because of the Transaction, Canntab will issue 574,485 common shares valued at \$1.00 (assumed price) per share for total consideration of \$574,485. Consideration for the Transaction will also include value of Telferscot's 50,750 post-consolidation options valued \$50,750 based on the Black- Scholes option pricing model. The fair value of each option has been calculated as \$1.00 per option, using the assumptions of (i) risk free interest rate of 0.69% (ii) expected volatility of 260%, (iii) expected life of 5 years, and (iv) dividend yield of 0.0%. Upon completion of the Transaction, existing Canntab and Telferscot shareholders will own approximately 97.65% and 2.35% of the combined company respectively.

For the purpose of determining the value of the purchase price consideration, the total number of outstanding shares and options have been derived from the latest published financial statements of Telferscot as at September 30, 2017. The value of the purchase consideration for accounting purposes will differ from the amount assumed in the unaudited pro-forma consolidated financial statement information for changes in the number of outstanding shares and options as of the Transaction closing date.

The allocation of the purchase price is as follows:

Purchase price consideration paid	
Issuance of common shares	\$ 574,485
Issuance of options	50,750
	<hr/>
Total consideration paid	\$ 625,235
	<hr/>
Allocation of purchase price:	
Cash and cash equivalents	\$ 1,561
Prepaid expenses	2,927
Accounts payable and accrued liabilities	<hr/> (117,436)
Telferscot net assets acquired	(112,948)
	<hr/>
Excess of purchase price over fair value of net assets acquired	\$ 738,183
	<hr/>

Telferscot Resources Inc.**Notes to the Pro-Forma Consolidated Financial Statements****November 30, 2017****(Stated in \$CAD)*****(Unaudited – Prepared by Management)***

- (a) Management has estimated that Canntab will incur approximately \$50,000 of professional fees with respect to the Transaction, and has been included in transaction costs.
- (b) The excess of the purchase consideration over carrying values of net assets of Telferscot in the amount of \$738,183 has been assigned to transaction costs.
- (c) Equity balances of Telferscot are eliminated.
- (d) The private placement that closed by December 29, 2017 of 1,251,914 subscription receipts at a price of \$4.00 per subscription receipt for gross proceeds of \$5,007,656 has been recorded as if it closed by November 30, 2017.

SCHEDULE “L”

10557404 Canada Corp.
(aka SpinCo1)

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

10557404 Canada Corp.*(aka SpinCo1)***Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)***(Unaudited - Prepared by Management)*

	On incorporation	Note ref	Pro-forma adjustments	Pro-forma
	\$		\$	\$
ASSETS				
Current:				
Cash	1	3(b) 3(c)	120,000 (1)	120,000
Long-term:				
Bright Mega LOI	-	3(a)	1	1
	<u>1</u>		<u>120,000</u>	<u>120,001</u>
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	-	3(d)	9,500	<u>9,500</u>
SHAREHOLDERS' EQUITY				
Share capital	1	3(a)	1	20,001
Common shares		3(b) 3(c)	20,000 (1)	
Preference shares		3(b)	100,000	<u>100,000</u> 120,001
Deficit	-	3(d)	(9,500)	<u>(9,500)</u>
	<u>1</u>		<u>120,000</u>	<u>110,501</u> <u>120,001</u>

10557404 Canada Corp.

(aka SpinCo1)

Notes to Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

1) Basis of Presentation

This unaudited pro forma balance sheet has been compiled for purposes of inclusion in the Management Information Circular of Telferscot Resources Inc. ("Telferscot") dated February 21, 2018 relating to the reorganization of Telferscot's interest in the Letter of Intent with Bright Mega Capital Corporation (the "Bright Mega LOI") along with various Telferscot assets to seven separate corporate entities ("SpinCo1" to "SpinCo7") respectively by a Plan of Arrangement (the "Arrangement"). 10557404 Canada Corp. ("10557404", the "Company" or "SpinCo1") was incorporated under the Canada Business Corporations Act on December 27, 2017 with 1 common share issued to Telferscot. Under the terms of the Arrangement, 10557404 will own substantially all of Telferscot's interest in the Letter of Intent with Bright Mega Capital Corporation ("Bright Mega"). As consideration for this LOI, 10557404 will issue 12,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

This unaudited pro forma balance sheet has been prepared as if the Arrangement occurred on December 31, 2017 and that the adjustments disclosed in note 3 had occurred on the same date. In the opinion of management, this unaudited pro forma balance sheet includes all the adjustments necessary for fair presentation in accordance with IFRS, inclusive of the effect of the assumptions disclosed in note 4. A pro forma statement of operations for the period ending December 31, 2017 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This unaudited pro forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described herein under the Arrangement had actually occurred on December 31, 2017, but rather expresses the pro forma results of specific transactions currently proposed. Further, this unaudited pro forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

2) Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro forma balance sheet are as set out in the Telferscot financial statements for the three and nine month periods ended September 30, 2017 and the year ended December 31, 2016. In preparing this unaudited pro forma balance sheet for 10557404, consideration was given to identifying accounting policy differences between 10557404 and Telferscot where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the proposed acquisition. However, the significant accounting policies of 10557404, after giving effect to the pro forma adjustments, are believed to conform in all material respects to those of Telferscot.

3) Pro Forma Adjustments

This unaudited pro forma balance sheet gives effect to the following transactions as if they had occurred at December 31, 2017:

- a) Telferscot sell a certain asset, described further in note 4, to 10557404 and takes back as consideration 12,500,000 common shares of 10557404.
- b) The Company will complete a private placement of 100,000 equity units (the "Unit" or "Units") at a price of \$1.20 per unit for gross proceeds of \$120,000. Each Unit will be comprised of (i) 20 common shares at \$0.01 each for a total of \$0.20, and (ii) 1 redeemable convertible preferred share (the "Pref" or "Prefs") at \$1.00 each. Each Pref will have a term of 6 months and will have the right to convert into 50 common shares and 100 common share purchase warrants. Each common share purchase warrant entitles the holder to purchase 1 common share of the Company at \$0.01 for a period of 36 months. Each Pref will also hold the right to be redeemed by the holder at par value, or \$1.00 per Pref.
- c) The 1 common share initially issued to Telferscot will be redeemed by the Company.
- d) Management has estimated that 10557404 will incur approximately \$9,500 of professional and other fees with respect to the Transaction, and has been included in transaction costs.

10557404 Canada Corp.*(aka SpinCo1)***Notes to Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)***(Unaudited - Prepared by Management)*

4) Pro Forma Assumptions

Pursuant to the Arrangement, the asset to be transferred to 10557404, based on its estimated fair market value as at December 31, 2017, is as follows:

Bright Mega LOI	<u>\$</u>	<u>1</u>
-----------------	-----------	----------

Telferscot has a Letter of Intent with Bright Mega Capital Corporation (the "Bright Mega LOI") of Markham, Ontario to fund several target acquisitions in blockchain and crypto currency mining and trading. Bright Mega is a markets development advisor to several privately held Canadian and international blockchain companies looking for development and expansion funding. The LOI calls for Telferscot to provide a minimum of \$500,000 of equity investment to acquire a control stake in a new Canadian-based crypto currency exchange and blockchain mining business.

The Arrangement envisions the transfer of this asset from its ownership by Telferscot to ownership by 10557404 and the immediate distribution in the common shares of 10557404 to the current shareholders of Telferscot. The shareholders of Telferscot at the time of the Arrangement will continue to collectively own this asset, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of this asset at the time that it is vended into 10557404, the transfer from Telferscot has been recorded at a nominal value of \$1 (as Telferscot has no recorded historical carrying cost for this asset).

10557404 accordingly will assume the position of Telferscot with respect to the Letter of Intent with Bright Mega.

Further, this unaudited pro forma balance sheet reflects the assumption that 10557404 will acquire a tax basis in its Bright Mega LOI equal to their carrying amount for accounting purposes, such that no liability exists for future income taxes.

No value has been attributed to the common share purchase warrants (available on conversion of the preference shares) as the company has no share trading history and the likelihood of any potential exercise is uncertain at this time.

5) Share Capital

	Number of shares	\$
i) Common shares		
Issued on incorporation	1	1
Issued on acquisition of Bright Mega LOI <i>(see note 3-a)</i>	12,500,000	1
Issued as part of private placement <i>(see note 3-b)</i>	2,000,000	20,000
Redemption of incorporator share <i>(see note 3-c)</i>	(1)	(1)
Pro forma issued and outstanding	<u>14,500,000</u>	<u>20,001</u>
ii) Preference shares		
Issued as part of private placement <i>(see note 3-b)</i>	<u>100,000</u>	<u>100,000</u>

SCHEDULE “M”

10557501 Canada Corp.
(aka SpinCo2)

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

10557501 Canada Corp.*(aka SpinCo2)*

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

	On incorporation	Note ref	Pro-forma adjustments	Pro-forma
	\$		\$	\$
ASSETS				
Current:				
Cash	1	3(b) 3(c)	600,000 (1)	600,000
Long-term:				
HCC LOI	-	3(a)	1	1
	<u>1</u>		<u>600,000</u>	<u>600,001</u>
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	-	3(d)	9,500	<u>9,500</u>
SHAREHOLDERS' EQUITY				
Share capital	1	3(a)	1	100,001
Common shares		3(b) 3(c)	100,000 (1)	
Preference shares		3(b)	500,000	<u>500,000</u>
				600,001
Deficit	-	3(d)	(9,500)	<u>(9,500)</u>
	<u>1</u>		<u>590,501</u>	<u>590,501</u>
	<u>1</u>		<u>600,000</u>	<u>600,001</u>

10557501 Canada Corp.

(aka SpinCo2)

Notes to Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

1) Basis of Presentation

This unaudited pro forma balance sheet has been compiled for purposes of inclusion in the Management Information Circular of Telferscot Resources Inc. ("Telferscot") dated February 21, 2018 relating to the reorganization of Telferscot's interest in the Letter of Intent with Horizon Capital Corp. (the "HCC LOI") along with various other Telferscot assets to seven separate corporate entities ("SpinCo1" to "SpinCo7") respectively by a Plan of Arrangement (the "Arrangement"). 10557501 Canada Corp. ("10557501", the "Company" or "SpinCo2") was incorporated under the Canada Business Corporations Act on December 27, 2017 with 1 common share issued to Telferscot. Under the terms of the Arrangement, 10557501 will own substantially all of Telferscot's interest in the Letter of Intent with Horizon Capital Corp. ("HCC"). As consideration for this LOI, 10557501 will issue 2,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

This unaudited pro forma balance sheet has been prepared as if the Arrangement occurred on December 31, 2017 and that the adjustments disclosed in note 3 had occurred on the same date. In the opinion of management, this unaudited pro forma balance sheet includes all the adjustments necessary for fair presentation in accordance with IFRS, inclusive of the effect of the assumptions disclosed in note 4. A pro forma statement of operations for the period ending December 31, 2017 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This unaudited pro forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described herein under the Arrangement had actually occurred on December 31, 2017, but rather expresses the pro forma results of specific transactions currently proposed. Further, this unaudited pro forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

2) Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro-forma balance sheet are as set out in the Telferscot financial statements for the three and nine month periods ended September 30, 2017 and the year ended December 31, 2016. In preparing this unaudited pro-forma balance sheet for 10557501, consideration was given to identifying accounting policy differences between 10557501 and Telferscot where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the proposed acquisition. However, the significant accounting policies of 10557501, after giving effect to the pro-forma adjustments, are believed to conform in all material respects to those of Telferscot.

3) Pro Forma Adjustments

This unaudited pro forma balance sheet gives effect to the following transactions as if they had occurred at December 31, 2017:

- a) Telferscot sells a certain asset, described further in note 4, to 10557501 and takes back as consideration 2,500,000 common shares of 10557501.
- b) The Company will complete a private placement of 500,000 equity units (the "Unit" or "Units") at a price of \$1.20 per unit for gross proceeds of \$600,000. Each Unit will be comprised of (i) 4 common shares at \$0.05 each for a total of \$0.20, and (ii) 1 redeemable convertible preferred share (the "Pref" or "Prefs") at \$1.00 each. Each Pref will have a term of 6 months and will have the right to convert into 20 common shares and 20 common share purchase warrants. Every common share purchase warrant entitles the holder to purchase 1 common share of the Company at \$0.05 for a period of 12 months. Each Pref will also hold the right to be redeemed by the holder at par value, or \$1.00 per Pref.
- c) The 1 common share initially issued to Telferscot will be redeemed by the Company.
- d) Management has estimated that 10557501 will incur approximately \$9,500 of professional and other fees with respect to the Transaction, and has been included in transaction costs.

10557501 Canada Corp.*(aka SpinCo2)***Notes to Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)***(Unaudited - Prepared by Management)*

4) Pro Forma Assumptions

Pursuant to the Arrangement, the asset to be transferred to 10557501, based on its estimated fair market value as at December 31, 2017, is as follows:

HCC LOI \$ 1

The Company has a Letter of Intent with Horizon Capital Corp. (“HCC”) of Vancouver, BC to assume HCC’s option to acquire Livecare Health Canada Inc. Livecare is a Canadian company founded and operated by doctors dedicated to giving patients access to quality, real-time healthcare, regardless of where they are located. By offering patients the option to use Telehealth, wait and travel times are decreased or eliminated completely, allowing for invaluable timely diagnosis and triage. Livecare’s mission is to develop and implement self-sustaining patient centered community and international telemedicine programs. The company’s primary focus is to assist in solving the disparate physician services shortfall in rural communities with urban physician services. Livecare’s aim is to provide access to health care to all patients, increase the quality of health delivery by providing timely diagnosis and treatment, and reduce the expense to patients, communities, insurance providers and employers by avoiding needless travel costs and absent work days for primary and specialty medical services.

The HCC LOI provides for a 60 exclusive period for the Company to complete due diligence on Livecare and to work with HCC to agree a binding agreement for the acquisition of Livecare.

The Arrangement envisions the transfer of this asset from its ownership by Telferscot to ownership by 10557501 and the immediate distribution in the common shares of 10557501 to the current shareholders of Telferscot. The shareholders of Telferscot at the time of the Arrangement will continue to collectively own this asset, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of this asset at the time that it is vended into 10557501, the transfer from Telferscot has been recorded at a nominal value of \$1 (as Telferscot has no recorded historical carrying cost for this asset).

10557501 accordingly will assume the position of Telferscot with respect to the Letter of Intent with HCC.

Further, the pro forma balance sheet reflects the assumption that 10557501 will acquire a tax basis in its HCC LOI equal to their carrying amount for accounting purposes, such that no liability exists for future income taxes.

No value has been attributed to the common share purchase warrants (available on conversion of the preference shares) as the company has no share trading history and the likelihood of any potential exercise is uncertain at this time.

5) Share Capital

	Number of shares	\$
i) Common shares		
Issued on incorporation	1	1
Issued on acquisition of HCC LOI <i>(see note 3-a)</i>	2,500,000	1
Issued as part of private placement <i>(see note 3-b)</i>	2,000,000	100,000
Redemption of incorporator share <i>(see note 3-c)</i>	(1)	(1)
Pro forma issued and outstanding	<u>4,500,000</u>	<u>100,001</u>
ii) Preference shares		
Issued as part of private placement <i>(see note 3-b)</i>	<u>500,000</u>	<u>500,000</u>

SCHEDULE "N"

10557510 Canada Corp.
(aka SpinCo3)

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

10557510 Canada Corp.*(aka SpinCo3)***Pro Forma Balance Sheet**

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

	On incorporation	Note ref	Pro-forma adjustments	Pro-forma
	\$		\$	\$
ASSETS				
Current:				
Cash	1	3(b) 3(c)	180,000 (1)	180,000
Long-term:				
CCEC LOI	-	3(a)	1	1
	<u>1</u>		<u>180,000</u>	<u>180,001</u>
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	-	3(d)	9,500	<u>9,500</u>
SHAREHOLDERS' EQUITY				
Share capital	1	3(a)	1	30,001
Common shares		3(b) 3(c)	30,000 (1)	
Preference shares		3(b)	150,000	<u>150,000</u> 180,001
Deficit	-	3(d)	(9,500)	<u>(9,500)</u>
	<u>1</u>		<u>170,501</u>	<u>170,501</u>
	<u>1</u>		<u>180,000</u>	<u>180,001</u>

10557510 Canada Corp.

(aka SpinCo3)

Notes to Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

1) Basis of Preparation

This unaudited pro forma balance sheet has been compiled for purposes of inclusion in the Management Information Circular of Telferscot Resources Inc. ("Telferscot") dated February 21, 2018 relating to the reorganization of Telferscot's interests in the Letter of Intent with Canada Crypto Exchange Corp. (the "CCEC LOI") along with various other Telferscot assets to seven separate corporate entities ("SpinCo1" to "SpinCo7") respectively by a Plan of Arrangement (the "Arrangement"). 10557510 Canada Corp. ("10557510", the "Company" or "SpinCo3") was incorporated under the Canada Business Corporations Act on December 27, 2017 with 1 common share issued to Telferscot. Under the terms of the Arrangement, 10557510 will own substantially all of Telferscot's interest in the Letter of Intent with Canada Crypto Exchange Corp. As consideration for this LOI, 10557510 will issue 2,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

This unaudited pro forma balance sheet has been prepared as if the Arrangement occurred on December 31, 2017 and that the adjustments disclosed in note 3 had occurred on the same date. In the opinion of management, this unaudited pro forma balance sheet includes all the adjustments necessary for fair presentation in accordance with IFRS, inclusive of the effect of the assumptions disclosed in note 4. A pro forma statement of operations for the period ending December 31, 2017 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This unaudited pro forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described herein under the Arrangement had actually occurred on December 31, 2017, but rather expresses the pro forma results of specific transactions currently proposed. Further, this unaudited pro forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

2) Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro-forma balance sheet are as set out in the Telferscot financial statements for the three and nine month periods ended September 30, 2017 and the year ended December 31, 2016. In preparing this unaudited pro-forma balance sheet for 10557510, consideration was given to identifying accounting policy differences between 10557510 and Telferscot where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the proposed acquisition. However, the significant accounting policies of 10557510, after giving effect to the pro-forma adjustments, are believed to conform in all material respects to those of Telferscot.

3) Pro Forma Adjustments

This unaudited pro forma balance sheet gives effect to the following transactions as if they had occurred at December 31, 2017:

- a) Telferscot sells a certain asset, described further in note 4, to 10557510 and takes back as consideration 2,500,000 common shares of 10557510.
- b) The Company will complete a private placement of 150,000 equity units (the "Unit" or "Units") at a price of \$1.20 per unit for gross proceeds of \$180,000. Each Unit will be comprised of (i) 4 common shares at \$0.05 each for a total of \$0.20, and (ii) 1 redeemable convertible preferred share (the "Pref" or "Prefs") at \$1.00 each. Each Pref will have a term of 3 months and will have the right to convert into 20 common shares and 20 common share purchase warrants. Every common share purchase warrant entitles the holder to purchase 1 common share of the Company at \$0.05 for a period of 36 months. Each Pref will also hold the right to be redeemed by the holder at par value, or \$1.00 per Pref.
- c) The 1 common share initially issued to Telferscot will be redeemed by the Company.
- d) Management has estimated that 10557510 will incur approximately \$9,500 of professional and other fees with respect to the Transaction, and has been included in transaction costs.

10557510 Canada Corp.*(aka SpinCo3)***Notes to Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)*****(Unaudited - Prepared by Management)***

4) Pro Forma Assumptions

Pursuant to the Arrangement, the asset to be transferred to 10557510, based on its estimated fair market value as at December 31, 2017, is as follows:

CCEC LOI	\$	<u>1</u>
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Telferscot has signed a Letter of Intent to acquire Canada Crypto Exchange Corp. (“CCEC”), parent company of CCX, a Canadian-based crypto currency exchange platform. CCEC has developed its exchange platform in partnership with ACX Tech Pty. Ltd of Perth, Australia and Blockchain Global Ltd. of Melbourne, Australia. The Letter of Intent with CCEC provides for a 180-day exclusive period of cooperation between Telferscot and CCEC to negotiate terms of the acquisition, launch the CCX platform in Canada and secure the necessary funding for development and marketing of the CCEC business plan.

Telferscot has further agreed general terms of acquisition of CCEC in a Letter Agreement dated February 8, 2018. This Agreement will provide the basis of negotiation on a formal Acquisition Agreement and provides for a deadline for completion of a definitive agreement by April 15, 2018. There are numerous conditions precedent to completion to the benefit of either CCEC or Telferscot. The Letter Agreement and subsequent definitive agreement will be subject to completion of the proposed Plan of Arrangement.

The Arrangement envisions the transfer of this asset from their ownership by Telferscot to ownership by 10557510 and the immediate distribution in the common shares of 10557510 to the current shareholders of Telferscot. The shareholders of Telferscot at the time of the Arrangement will continue to collectively own this asset, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of this asset at the time that it is vended into 10557510, the transfer from Telferscot has been recorded at a nominal value of \$1 (as Telferscot has no recorded historical carrying cost for this asset).

10557510 accordingly will assume the position of Telferscot with respect to the Letter of Intent with CCEC.

Further, the pro forma balance sheet reflects the assumption that 10557510 will acquire a tax basis in its CCEC LOI equal to its carrying amount for accounting purposes, such that no liability exists for future income taxes.

No value has been attributed to the common share purchase warrants (available on conversion of the preference shares) as the company has no share trading history and the likelihood of any potential exercise is uncertain at this time.

5) Share Capital

	Number of shares	\$
i) Common shares		
Issued on incorporation	1	1
Issued on acquisition of CCEC LOI <i>(see note 3-a)</i>	2,500,000	1
Issued as part of private placement <i>(see note 3-b)</i>	600,000	30,000
Redemption of incorporator share <i>(see note 3-c)</i>	(1)	(1)
Pro forma issued and outstanding	<u>3,100,000</u>	<u>30,001</u>
ii) Preference shares		
Issued as part of private placement <i>(see note 3-b)</i>	<u>150,000</u>	<u>150,000</u>

SCHEDULE "O"

10557536 Canada Corp.

(aka SpinCo4)

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

10557536 Canada Corp.*(aka SpinCo4)***Pro Forma Balance Sheet**

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

	Telferscot Resources Inc.	Note ref	Pro-forma adjustments	Pro-forma
	\$		\$	\$
ASSETS				
Current:				
Cash	1	3(b) 3(c)	120,000 (1)	120,000
Long-term:				
MWC LOI	-	3(a)	1	1
	<u>1</u>		<u>120,000</u>	<u>120,001</u>
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	-	3(d)	9,500	<u>9,500</u>
SHAREHOLDERS' EQUITY				
Share capital	1	3(a)	1	20,001
Common shares		3(b) 3(c)	20,000 (1)	
Preference shares		3(b)	100,000	<u>100,000</u> 120,001
Deficit	-	3(d)	(9,500)	<u>(9,500)</u>
	<u>1</u>		<u>120,000</u>	<u>110,501</u> <u>120,001</u>

10557536 Canada Corp.

(aka SpinCo4)

Notes to Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

1) Basis of Presentation

This unaudited pro forma balance sheet has been compiled for purposes of inclusion in the Management Information Circular of Telferscot Resources Inc. ("Telferscot") dated February 21, 2018 relating to the reorganization of Telferscot's interest in the Letter of Intent with My Wine Canada Inc. (the "MWC LOI") along with various other Telferscot assets to seven separate corporate entities ("SpinCo1" to "SpinCo7") respectively by a Plan of Arrangement (the "Arrangement"). 10557536 Canada Corp. ("10557536", the "Company" or "SpinCo4") was incorporated under the Canada Business Corporations Act on December 27, 2017 with 1 common share issued to Telferscot. Under the terms of the Arrangement, 10557536 will own substantially all of Telferscot's interest in the Letter of Intent with My Wine Canada Inc. ("MWC"). As consideration for this LOI, 10557536 will issue 2,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

This unaudited pro forma balance sheet has been prepared as if the Arrangement occurred on December 31, 2017 and that the adjustments disclosed in note 3 had occurred on the same date. In the opinion of management, this unaudited pro forma balance sheet includes all the adjustments necessary for fair presentation in accordance with IFRS, inclusive of the effect of the assumptions disclosed in note 4. A pro forma statement of operations for the period ending December 31, 2017 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This unaudited pro forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described herein under the Arrangement had actually occurred on December 31, 2017, but rather expresses the pro forma results of specific transactions currently proposed. Further, this unaudited pro forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

2) Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro-forma balance sheet are as set out in the Telferscot financial statements for the three and nine month periods ended September 30, 2017 and the year ended December 31, 2016. In preparing this unaudited pro-forma balance sheet for 10557536, consideration was given to identifying accounting policy differences between 10557536 and Telferscot where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the proposed acquisition. However, the significant accounting policies of 10557536, after giving effect to the pro-forma adjustments, are believed to conform in all material respects to those of Telferscot.

3) Pro Forma Adjustments

This unaudited pro forma balance sheet gives effect to the following transactions as if they had occurred at December 31, 2017:

- a) Telferscot sells a certain asset, described further in note 4, to 10557536 and takes back as consideration 2,500,000 common shares of 10557536.
- b) The Company will complete a private placement of 100,000 equity units (the "Unit" or "Units") at a price of \$1.20 per unit for gross proceeds of \$120,000. Each Unit will be comprised of (i) 10 common shares at \$0.02 each for a total of \$0.20, and (ii) 1 redeemable convertible preferred share (the "Pref" or "Prefs") at \$1.00 each. Each Pref will have a term of 1 month and will have the right to convert into 50 common shares and 25 common share purchase warrants. Every common share purchase warrant entitles the holder to purchase 1 common share of the Company at \$0.05 for a period of 12 months. Each Pref will also hold the right to be redeemed by the holder at par value, or \$1.00 per Pref.
- c) The 1 common share initially issued to Telferscot will be redeemed by the Company.
- d) Management has estimated that 10557536 will incur approximately \$9,500 of professional and other fees with respect to the Transaction, and has been included in transaction costs.

10557536 Canada Corp.*(aka SpinCo4)***Notes to Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)***(Unaudited - Prepared by Management)*

4) Pro Forma Assumptions

Pursuant to the Arrangement, the asset to be transferred to 10557536, based on its estimated fair market value as at December 31, 2017, is as follows:

MWC LOI	\$ <u>1</u>
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Telferscot has an agreement with My Wine Canada Inc. (“MWC”) a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers to Canadian consumers. MWC is looking for a joint-venture partner to fund the development and deployment of a new site for the regulated sales of cannabis in Canada.

The Arrangement envisions the transfer of this asset from its ownership by Telferscot to ownership by 10557536 and the immediate distribution in the common shares of 10557536 to the current shareholders of Telferscot. The shareholders of Telferscot at the time of the Arrangement will continue to collectively own this asset, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of this asset at the time that it is vended into 10557536, the transfer from Telferscot has been recorded at a nominal value of \$1 (as Telferscot has no recorded historical carrying cost for this asset).

10557536 accordingly will assume the position of Telferscot with respect to the Letter of Intent with MWC.

Further, the pro forma balance sheet reflects the assumption that 10557536 will acquire a tax basis in its MWC LOI equal to their carrying amount for accounting purposes, such that no liability exists for future income taxes.

No value has been attributed to the common share purchase warrants (available on conversion of the preference shares) as the company has no share trading history and the likelihood of any potential exercise is uncertain at this time.

5) Share Capital

	Number of shares	\$
i) Common shares		
Issued on incorporation	1	1
Issued on acquisition of MWC LOI <i>(see note 3-a)</i>	2,500,000	1
Issued as part of private placement <i>(see note 3-b)</i>	1,000,000	20,000
Redemption of incorporator share <i>(see note 3-c)</i>	(1)	(1)
Pro forma issued and outstanding	<u>3,500,000</u>	<u>20,001</u>
ii) Preference shares		
Issued as part of private placement <i>(see note 3-b)</i>	<u>100,000</u>	<u>100,000</u>

SCHEDULE "P"

10557544 Canada Corp.

(aka SpinCo5)

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

10557544 Canada Corp.*(aka SpinCo5)*

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

	On incorporation	Note ref	Pro-forma adjustments	Pro-forma
	\$		\$	\$
ASSETS				
Current:				
Cash	1	3(b) 3(c)	120,000 (1)	120,000
Long-term:				
NCRI LOI	-	3(a)	1	1
	<u>1</u>		<u>120,000</u>	<u>120,001</u>
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	-	3(d)	9,500	<u>9,500</u>
SHAREHOLDERS' EQUITY				
Share capital	1	3(a)	1	20,001
Common shares		3(b) 3(c)	20,000 (1)	
Preference shares		3(b)	100,000	<u>100,000</u> 120,001
Deficit	-	3(d)	(9,500)	<u>(9,500)</u>
	<u>1</u>		<u>120,000</u>	<u>110,501</u> <u>120,001</u>

10557544 Canada Corp.

(aka SpinCo5)

Notes to Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

1) Basis of Presentation

This unaudited pro forma balance sheet has been compiled for purposes of inclusion in the Management Information Circular of Telferscot Resources Inc. ("Telferscot") dated February 21, 2018 relating to the reorganization of Telferscot's interest in the Letter of Intent with New Cornubia Resources Inc. (the "NCRI LOI") along with various other Telferscot assets to seven separate corporate entities ("SpinCo1" to "SpinCo7") respectively by a Plan of Arrangement (the "Arrangement"). 10557544 Canada Corp. ("10557544", the "Company" or "SpinCo5") was incorporated under the Canada Business Corporations Act on December 27, 2017 with 1 common share issued to Telferscot. Under the terms of the Arrangement, 10557544 will own substantially all of Telferscot's interest in the Letter of Intent with New Cornubia Resources Inc. As consideration for this LOI, 10557544 will issue 12,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

This unaudited pro forma balance sheet has been prepared as if the Arrangement occurred on December 31, 2017 and that the adjustments disclosed in note 3 had occurred on the same date. In the opinion of management, this unaudited pro forma balance sheet includes all the adjustments necessary for fair presentation in accordance with IFRS, inclusive of the effect of the assumptions disclosed in note 4. A pro forma statement of operations for the period ending December 31, 2017 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This unaudited pro forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described herein under the Arrangement had actually occurred on December 31, 2017, but rather expresses the pro forma results of specific transactions currently proposed. Further, this unaudited pro forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

2) Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro-forma balance sheet are as set out in the Telferscot financial statements for the three and nine month periods ended September 30, 2017 and the year ended December 31, 2016. In preparing this unaudited pro-forma balance sheet for 10557544, consideration was given to identifying accounting policy differences between 10557544 and Telferscot where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the proposed acquisition. However, the significant accounting policies of 10557544, after giving effect to the pro-forma adjustments, are believed to conform in all material respects to those of Telferscot.

3) Pro Forma Adjustments

This unaudited pro forma balance sheet gives effect to the following transactions as if they had occurred at December 31, 2017:

- a) Telferscot sells a certain asset, described further in note 4, to 10557544 and takes back as consideration 12,500,000 common shares of 10557544.
- b) The Company will complete a private placement of 100,000 equity units (the "Unit" or "Units") at a price of \$1.20 per unit for gross proceeds of \$120,000. Each Unit will be comprised of (i) 20 common shares at \$0.01 each for a total of \$0.20, and (ii) 1 redeemable convertible preferred share (the "Pref" or "Prefs") at \$1.00 each. Each Pref will have a term of 3 months and will have the right to convert into 100 common shares and 50 common share purchase warrants. Every common share purchase warrant entitles the holder to purchase 1 common share of the Company at \$0.05 for a period of 12 months. Each Pref will also hold the right to be redeemed by the holder at par value, or \$1.00 per Pref.
- c) The 1 common share initially issued to Telferscot will be redeemed by the Company.
- d) Management has estimated that 10557544 will incur approximately \$9,500 of professional and other fees with respect to the Transaction, and has been included in transaction costs.

10557544 Canada Corp.*(aka SpinCo5)***Notes to Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)***(Unaudited - Prepared by Management)*

4) Pro Forma Assumptions

Pursuant to the Arrangement, the asset to be transferred to 10557544, based on its estimated fair market value as at December 31, 2017, is as follows:

NCRI LOI	\$	<u>1</u>
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Telferscot signed a Letter of Intent with New Cornubia Resources Inc. ("NCRI") to source, define and evaluate gold exploration projects in Central America. Telferscot has entered into discussion with several possible acquisitions as a result of this LOI, but as yet has not come to terms acceptable to Telferscot. Notwithstanding, Telferscot believes that a strategic acquisition in the gold exploration sector is imminent and as such has committed to NCRI to continue the venture and has secured minimal funding to complete its project evaluation work.

The Arrangement envisions the transfer of this asset from its ownership by Telferscot to ownership by 10557544 and the immediate distribution in the common shares of 10557544 to the current shareholders of Telferscot. The shareholders of Telferscot at the time of the Arrangement will continue to collectively own this asset, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of this asset at the time that it is vended into 10557544, the transfer from Telferscot has been recorded at a nominal value of \$1 (as Telferscot has no recorded historical carrying cost for this asset).

10557544 accordingly will assume the position of Telferscot with respect to the Letter of Intent with NCRI.

Further, the pro forma balance sheet reflects the assumption that 10557544 will acquire a tax basis in its NCRI LOI equal to their carrying amount for accounting purposes, such that no liability exists for future income taxes.

No value has been attributed to the common share purchase warrants (available on conversion of the preference shares) as the company has no share trading history and the likelihood of any potential exercise is uncertain at this time.

5) Share Capital

	Number of shares	\$
i) Common shares		
Issued on incorporation	1	1
Issued on acquisition of NCRI LOI (see note 3-a)	12,500,000	1
Issued as part of private placement (see note 3-b)		
Redemption of incorporator share (see note 3-c)	(1)	(1)
	2,000,000	20,000
Pro forma issued and outstanding	<u>14,500,000</u>	<u>20,001</u>
Preference shares		
ii)		
Issued as part of private placement (see note 3-b)		
Issued as part of private placement	<u>100,000</u>	<u>100,000</u>

SCHEDULE “Q”

10557633 Canada Corp.

(aka SpinCo6)

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

10557633 Canada Corp.*(aka SpinCo6)***Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)***(Unaudited - Prepared by Management)*

	On incorporation	Note ref	Pro-forma adjustments	Pro-forma
	\$		\$	\$
ASSETS				
Current:				
Cash	1	3(b) 3(c)	126,000 (1)	126,000
Long-term:				
ERL MOU	-	3(a)	1	1
	<u>1</u>		<u>126,000</u>	<u>126,001</u>
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	-	4(d)	9,500	<u>9,500</u>
SHAREHOLDERS' EQUITY				
Share capital	1	4(a)	1	21,001
Common shares		4(b) 4(c)	21,000 (1)	
Preference shares		4(b)	105,000	<u>105,000</u> 126,001
Deficit	-	4(d)	(9,500)	<u>(9,500)</u>
	<u>1</u>		<u>126,000</u>	<u>116,501</u> <u>126,001</u>

10557633 Canada Corp.

(aka SpinCo6)

Notes to Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

1) Basis of Presentation

This unaudited pro forma balance sheet has been compiled for purposes of inclusion in the Management Information Circular of Telferscot Resources Inc. ("Telferscot") dated February 21, 2018 relating to the reorganization of Telferscot's interest in the Memorandum of Understanding with Enviro Resources Limited (the "ERL MOU") along with various other Telferscot assets to seven separate corporate entities ("SpinCo1" to "SpinCo7") respectively by a Plan of Arrangement (the "Arrangement"). 10557633 Canada Corp. ("10557633", the "Company" or "SpinCo6") was incorporated under the Canada Business Corporations Act on December 27, 2017 with 1 common share issued to Telferscot. Under the terms of the Arrangement, 10557633 will own substantially all of Telferscot's interest in the Memorandum of Understanding with Enviro Resources Limited ("ERL"). As consideration for this MOU, 10557633 will issue 2,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

This unaudited pro forma balance sheet has been prepared as if the Arrangement occurred on December 31, 2017 and that the adjustments disclosed in note 3 had occurred on the same date. In the opinion of management, this unaudited pro forma balance sheet includes all the adjustments necessary for fair presentation in accordance with IFRS, inclusive of the effect of the assumptions disclosed in note 4. A pro forma statement of operations for the period ending December 31, 2017 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This unaudited pro forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described herein under the Arrangement had actually occurred on December 31, 2017, but rather expresses the pro forma results of specific transactions currently proposed. Further, this unaudited pro forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

2) Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro-forma balance sheet are as set out in the Telferscot financial statements for the three and nine month periods ended September 30, 2017 and the year ended December 31, 2016. In preparing this unaudited pro-forma balance sheet for 10557633, consideration was given to identifying accounting policy differences between 10557633 and Telferscot where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the proposed acquisition. However, the significant accounting policies of 10557633, after giving effect to the pro-forma adjustments, are believed to conform in all material respects to those of Telferscot.

3) Pro Forma Adjustments

This unaudited pro forma balance sheet gives effect to the following transactions as if they had occurred at December 31, 2017:

- a) Telferscot sells a certain asset, described further in note 4, to 10557633 and takes back as consideration 2,500,000 common shares of 10557633.
- b) The Company will complete a private placement of 105,000 equity units (the "Unit" or "Units") at a price of \$1.20 per unit for gross proceeds of \$126,000. Each Unit will be comprised of (i) 4 common shares at \$0.05 each for a total of \$0.20, and (ii) 1 redeemable convertible preferred share (the "Pref" or "Prefs") at \$1.00 each. Each Pref will have a term of 10 months and will have the right to convert into 20 common shares and 20 common share purchase warrants. Every common share purchase warrant entitles the holder to purchase 1 common share of the Company at \$0.05 for a period of 12 months. Each Pref will also hold the right to be redeemed by the holder at par value, or \$1.00 per Pref.
- c) The 1 common share initially issued to Telferscot will be redeemed by the Company.
- d) Management has estimated that 10557633 will incur approximately \$9,500 of professional and other fees with respect to the Transaction, and has been included in transaction costs.

10557633 Canada Corp.*(aka SpinCo6)***Notes to Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)*****(Unaudited - Prepared by Management)***

4) Pro Forma Assumptions

Pursuant to the Arrangement, the asset to be transferred to 10557633, based on its estimated fair market value as at December 31, 2017, is as follows:

ERL MOU	\$	<u>1</u>
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Telferscot has signed a Memorandum of Understanding with Enviro Resources Limited (“ERL”) to cooperate with ERL on the acquisition and development of environmentally-beneficial consumer, commercial and products. ERL has successfully acquired and progressed and commercialized products in this sector over the past 5 years and is looking for a strategic partner to fund new opportunities. Following completion of the proposed Plan of Arrangement, Telferscot will acquire the right of first refusal to fund ERL products and acquisitions. ERL will be subject to a fulsome and complete due diligence process to complete satisfaction of Telferscot.

The Arrangement envisions the transfer of this asset from its ownership by Telferscot to ownership by 10557633 and the immediate distribution in the common shares of 10557633 to the current shareholders of Telferscot. The shareholders of Telferscot at the time of the Arrangement will continue to collectively own this asset, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of this asset at the time that it is vended into 10557633, the transfer from Telferscot has been recorded at a nominal value of \$1 (as Telferscot has no recorded historical carrying cost for this asset).

10557633 accordingly will assume the position of Telferscot with respect to the MOU with ERL.

Further, the pro forma balance sheet reflects the assumption that 10557633 will acquire a tax basis in its ERL MOU equal to their carrying amount for accounting purposes, such that no liability exists for future income taxes.

No value has been attributed to the common share purchase warrants (available on conversion of the preference shares) as the company has no share trading history and the likelihood of any potential exercise is uncertain at this time.

5) Share Capital

	Number of shares	\$
i) Common shares		
Issued on incorporation	1	1
Issued on acquisition of ERL MOU (see note 3-a)	2,500,000	1
Issued as part of private placement (see note 3-b)	420,000	21,000
Redemption of incorporator share (see note 3-c)	(1)	(1)
Pro forma issued and outstanding	<u>2,920,000</u>	<u>21,001</u>
ii) Preference shares		
Issued as part of private placement (see note 3-b)	<u>105,000</u>	<u>105,000</u>

SCHEDULE “R”

10617059 Canada Corp.
(aka Spinco7)

Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

10617059 Canada Corp.*(aka Spinco7)***Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)*****(Unaudited - Prepared by Management)***

	On incorporation	Note ref	Pro-forma adjustments	Pro-forma
	\$		\$	\$
ASSETS				
Current:				
Cash	1	3(b) 3(c)	12,000 (1)	12,000
Long-term:				
Auxico Litigation	-	3(a)	1	1
	<u>1</u>		<u>12,000</u>	<u>12,001</u>
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	-	3(d) 3(e)	9,500 38,280	47,780
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital	1	3(a)	1	2,001
Common shares		3(b) 3(c)	2,000 (1)	
Preference shares		3(b)	10,000	<u>10,000</u> 12,001
Deficit	-	3(d) 3(e)	(9,500) (38,280)	<u>(47,780)</u>
				<u>(35,779)</u>
	<u>1</u>		<u>12,000</u>	<u>12,001</u>

10617059 Canada Corp.

(aka Spinco7)

Notes to Pro Forma Balance Sheet

As at December 31, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

1) Basis of Preparation

This unaudited pro forma balance sheet has been compiled for purposes of inclusion in the Management Information Circular of Telferscot Resources Inc. ("Telferscot") dated February 21, 2018 relating to the reorganization of Telferscot's interest in its litigation with Auxico Resources Canada Inc. (the "Auxico Litigation") along with various other Telferscot assets to seven separate corporate entities ("SpinCo1" to "SpinCo7") respectively by a Plan of Arrangement (the "Arrangement"). 10617059 Canada Corp. ("10617059", the "Company" or "SpinCo7") was incorporated under the Canada Business Corporations Act on February 5, 2018 with 1 common share issued to Telferscot. Under the terms of the Arrangement, 10617059 will own substantially all of Telferscot's interest in the Auxico litigation. As consideration for this assignment, 10617059 will issue 25,000,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

This unaudited pro forma balance sheet has been prepared as if the Arrangement occurred on December 31, 2017 and that the adjustments disclosed in note 3 had occurred on the same date. In the opinion of management, this unaudited pro forma balance sheet includes all the adjustments necessary for fair presentation in accordance with IFRS, inclusive of the effect of the assumptions disclosed in note 4. A pro forma statement of operations for the period ending December 31, 2017 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This unaudited pro forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described herein under the Arrangement had actually occurred on December 31, 2017, but rather expresses the pro forma results of specific transactions currently proposed. Further, this unaudited pro forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

2) Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro-forma balance sheet are as set out in the Telferscot financial statements for the three and nine month periods ended September 30, 2017 and the year ended December 31, 2016. In preparing this unaudited pro-forma balance sheet for 10617059, consideration was given to identifying accounting policy differences between 10617059 and Telferscot where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the proposed acquisition. However, the significant accounting policies of 10617059, after giving effect to the pro-forma adjustments, are believed to conform in all material respects to those of Telferscot.

3) Pro Forma Adjustments

This unaudited pro forma balance sheet gives effect to the following transactions as if they had occurred at December 31, 2017:

- a) Telferscot sells a certain asset, described further in note 4, to 10617059 and takes back as consideration 25,000,000 common shares of 10617059.
- b) The Company will complete a private placement of 10,000 equity units (the "Unit" or "Units") at a price of \$1.20 per unit for gross proceeds of \$12,000. Each Unit will be comprised of (i) 200 common shares at \$0.001 each for a total of \$0.20, and (ii) 1 redeemable convertible preferred share (the "Pref" or "Prefs") at \$1.00 each. Each Pref will have a term of 3 months and will have the right to convert into 1,000 common shares and 500 common share purchase warrants. Every common share purchase warrant entitles the holder to purchase 1 common share of the Company at \$0.03 for a period of 36 months. Each Pref will also hold the right to be redeemed by the holder at par value, or \$1.00 per Pref.
- c) The 1 common share initially issued to Telferscot will be redeemed by the Company.
- d) Management has estimated that 10617059 will incur approximately \$9,500 of professional and other fees with respect to the Transaction, and has been included in transaction costs.
- e) Management has estimated that 10617059 will assume \$38,280 of currently unpaid professional fees from Telferscot that were previously incurred by Telferscot with respect to the Auxico Litigation. This amount has been included in transaction costs.

10617059 Canada Corp.*(aka Spinco7)***Notes to Pro Forma Balance Sheet****As at December 31, 2017****(Stated in \$CAD)*****(Unaudited - Prepared by Management)***

4) Pro Forma Assumptions

Pursuant to the Arrangement, the asset to be transferred to 10617059, based on its estimated fair market value as at December 31, 2017, is as follows:

Auxico Litigation	<u>\$</u>	<u>1</u>
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The Arrangement has been proposed to permit the existing Telferscot Shareholders to receive any benefits that may accrue in respect of the Auxico Litigation. Pursuant to a prior transaction agreement entered into between Telferscot and Auxico, Telferscot was entitled to receive a \$150,000 break fee if Auxico failed to fulfill its obligations under the transaction agreement. When the transaction was terminated at the end of 2016, Auxico failed to pay the required break fee and Telferscot commenced litigation in the Province of Quebec. Documents have been exchanged and Telferscot is currently waiting for a trial date to be scheduled. On January 12, 2018, Telferscot entered into an amalgamation agreement with Canntab Therapeutics Inc., a private company incorporated under the laws of the Province of Ontario. The amalgamation agreement provides that Telferscot will, as a condition precedent to the completion of the Acquisition, transfer all its rights, interests, claims and obligations with respect to the Auxico Litigation described above to a new entity, that being 10617059, in exchange for 25,000,000 shares. 10617059 will assume all ongoing legal costs to continue the action against Auxico as well as any risk of collection from any judgement or negotiated settlement.

The Arrangement envisions the transfer of this asset from its ownership by Telferscot to ownership by 10617059 and the immediate distribution in the common shares of 10617059 to the current shareholders of Telferscot. The shareholders of Telferscot at the time of the Arrangement will continue to collectively own this asset, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of this asset at the time that it is vended into 10617059, the transfer from Telferscot has been recorded at a nominal value of \$1 (as Telferscot has no recorded historical carrying cost for this asset).

10617059 accordingly will assume the position of Telferscot with respect to the Auxico Litigation.

Further, the pro forma balance sheet reflects the assumption that 10617059 will acquire a tax basis in its Auxico litigation equal to their carrying amount for accounting purposes, such that no liability exists for future income taxes.

No value has been attributed to the common share purchase warrants (available on conversion of the preference shares) as the company has no share trading history and the likelihood of any potential exercise is uncertain at this time.

5) Share Capital

	Number of shares	\$
i) Common shares		
Issued on incorporation	1	1
Issued on acquisition of Auxico Litigation <i>(see note 3-a)</i>	25,000,000	1
Issued as part of private placement <i>(see note 3-b)</i>	2,000,000	2,000
Redemption of incorporator share <i>(see note 3-c)</i>	(1)	(1)
Pro forma issued and outstanding	<u>27,000,000</u>	<u>2,001</u>
ii) Preference shares		
Issued as part of private placement <i>(see note 3-b)</i>	<u>10,000</u>	<u>10,000</u>

SCHEDULE “S”

Telferscot Resources Inc.

Pro Forma Balance Sheet

As at September 30, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

Telferscot Resources Inc.**Pro Forma Balance Sheet**

As at September 30, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

	September 30, 2017	Note ref	Pro-forma adjustments		Pro-forma
	\$		\$	\$	\$
ASSETS					
Current:					
Cash	1,561				1,561
Prepaid expenses	2,927				2,927
	<u>4,488</u>				<u>4,488</u>
Long-term:					
Bright Mega LOI	-	3(a), 3(b)	1	(1)	-
Horizon LOI	-	3(a), 3(c)	1	(1)	-
CCEC LOI	-	3(a), 3(d)	1	(1)	-
MWC LOI	-	3(a), 3(e)	1	(1)	-
NCRI LOI	-	3(a), 3(f)	1	(1)	-
ERL MOU	-	3(a), 3(g)	1	(1)	-
Auxico Litigation	-	3(a), 3(h)	1	(1)	-
	<u>4,488</u>		<u>7</u>	<u>(7)</u>	<u>4,488</u>
LIABILITIES					
Current:					
Accounts payable and accrued liabilities	117,436	3(i)		(38,280)	79,156
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital					
Common shares	3,039,629				3,039,629
Contributed surplus	187,804				187,804
Reserve for share based payments	50,750				50,750
Accumulated deficit	(3,391,131)	3(a) 3(i)	7	(7) 38,280	(3,352,851)
	<u>(112,948)</u>				<u>(74,668)</u>
	<u>4,488</u>			<u>(7)</u>	<u>4,488</u>

Telferscot Resources Inc.

Notes to Pro Forma Balance Sheet

As at September 30, 2017

(Stated in \$CAD)

(Unaudited - Prepared by Management)

1) Basis of Presentation

This unaudited pro forma balance sheet has been compiled for purposes of inclusion in the Management Information Circular of Telferscot Resources Inc. ("Telferscot") dated February 21, 2018 relating to the reorganization of Telferscot's interest in various assets to seven separate corporate entities ("SpinCo1" to "SpinCo7") respectively by a Plan of Arrangement (the "Arrangement"). As more fully described in note 3, Telferscot's interest in these various assets will be transferred to seven separate companies, namely SpinCo1 to SpinCo7 inclusive. As consideration for transfer of these various assets, each spinco will issue common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot (on the share distribution record date).

This unaudited pro forma balance sheet has been prepared as if the Arrangement occurred on September 30, 2017 and that the adjustments disclosed in note 3 had occurred on the same date. In the opinion of management, this unaudited pro forma balance sheet includes all the adjustments necessary for fair presentation in accordance with IFRS, inclusive of the effect of the assumptions disclosed in note 4. A pro forma statement of operations for the period ending September 30, 2017 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This pro forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events reflected herein under the Arrangement had occurred on September 30, 2017, but rather expresses the pro forma results of specific transactions currently proposed. Further, this pro forma balance sheet is not necessarily indicative of the financial position that may be attained in the future. This pro forma balance sheet should also be read in conjunction with Telferscot's unaudited interim financial statements for the three and nine month periods ended September 30, 2017 included in the Management Information Circular.

2) Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro forma balance sheet are as set out in the Telferscot financial statements for the three and nine month periods ended September 30, 2017 and the year ended December 31, 2016. In preparing this unaudited pro forma balance sheet for Telferscot, consideration was given to identifying pro forma transactions where the impact was potentially material and could be reasonably estimated. The significant accounting policies reflected herein are believed to conform in all material respects to those of Telferscot.

3) Pro Forma Adjustments

This unaudited pro forma balance sheet gives effect to the following transactions as if they had occurred on September 30, 2017:

- a) Telferscot has developed a number of business opportunities over the course of 2017, each of which has been assigned a nominal carrying value of \$1 (that was not previously recorded).
- b) Telferscot will transfer to 10557404 Canada Corp. ("SpinCo1") all of Telferscot's interest in and to the assets described in the Letter of Intent with Bright Mega Capital Corporation in exchange for 12,500,000 SpinCo1 shares, which shares will be distributed to the Telferscot shareholders who hold Telferscot Shares on the share distribution record date.
- c) Telferscot will transfer to 10557501 Canada Corp. ("SpinCo2") all of Telferscot's interest in and to the assets described in the Letter of Intent with Horizon Capital Corp. in exchange for 2,500,000 SpinCo2 shares, which shares will be distributed to the Telferscot shareholders who hold Telferscot Shares on the share distribution record date.
- d) Telferscot will transfer to 10557510 Canada Corp. ("SpinCo3") all of Telferscot's interest in and to the assets described in the Letter of Intent with Canada Crypto Exchange Corp. in exchange for 2,500,000 SpinCo3 shares, which shares will be distributed to the Telferscot shareholders who hold Telferscot Shares on the share distribution record date.

Telferscot Resources Inc.**Notes to Pro Forma Balance Sheet****As at September 30, 2017****(Stated in \$CAD)*****(Unaudited - Prepared by Management)***

- e) Telferscot will transfer to 10557536 Canada Corp. ("SpinCo4") all of Telferscot's interest in and to the assets described in the Letter of Intent with My Wine Canada Inc. in exchange for 2,500,000 SpinCo4 shares, which shares will be distributed to the Telferscot shareholders who hold Telferscot Shares on the share distribution record date.
- f) Telferscot will transfer to 10557544 Canada Corp. ("SpinCo5") all of Telferscot's interest in and to the assets described in the Letter of Intent with New Cornubia Resources Inc. in exchange for 12,500,000 SpinCo5 shares, which shares will be distributed to the Telferscot shareholders who hold Telferscot Shares on the share distribution record date.
- g) Telferscot will transfer to 10557633 Canada Corp. ("SpinCo6") all of Telferscot's interest in and to the assets described in the Memorandum of Understanding with Enviro Resources Limited in exchange for 2,500,000 SpinCo6 shares, which shares will be distributed to the Telferscot shareholders who hold Telferscot Shares on the share distribution record date.
- h) Telferscot will transfer to 10617059 Canada Corp. ("SpinCo7") its rights, interests, claims and obligations with respect to the Auxico Litigation in exchange for 25,000,000 SpinCo7 shares, which shares will be distributed to the Telferscot shareholders who hold Telferscot Shares on the share distribution record date.
- i) Management has estimated that 10617059 will assume \$38,280 of currently unpaid professional fees from the Company that were previously incurred by the Company with respect to the Auxico Litigation.

4) Pro Forma Assumptions

Pursuant to the Arrangement, the assets to be transferred to SpinCo1 to SpinCo7 (inclusive), based on their estimated fair market value as at September 30, 2017, are as follows:

Bright Mega LOI	Note 3(b), note 4(a)	1
Horizon LOI	Note 3(c), note 4(b)	1
CCEC LOI	Note 3(d), note 4(c)	1
MWC LOI	Note 3(e), note 4(d)	1
NCRI LOI	Note 3(f), note 4(e)	1
ERL MOU	Note 3(g), note 4(f)	1
Auxico Litigation	Note 3(h), note 4(g)	1
		\$ 7

- a) The Company has a Letter of Intent with Bright Mega Capital Corporation (the "Bright Mega LOI") of Markham, Ontario to fund several target acquisitions in blockchain and crypto currency mining and trading. Bright Mega is a markets development advisor to several privately held Canadian and international blockchain companies looking for development and expansion funding. The LOI calls for Telferscot to provide a minimum of \$500,000 of equity investment to acquire a control stake in a new Canadian-based crypto currency exchange and blockchain mining business.
- b) The Company has a Letter of Intent with Horizon Capital Corp. ("HCC") of Vancouver, BC to assume HCC's option to acquire Livecare Health Canada Inc. Livecare is a Canadian company founded and operated by doctors dedicated to giving patients access to quality, real-time healthcare, regardless of where they are located. By offering patients the option to use Telehealth, wait and travel times are decreased or eliminated completely, allowing for invaluable timely diagnosis and triage. Livecare's mission is to develop and implement self-sustaining patient centered community and international telemedicine programs. The company's primary focus is to assist in solving the disparate physician services shortfall in rural communities with urban physician services. Livecare's aim is to provide access to health care to all patients, increase the quality of health delivery by providing timely diagnosis and treatment, and reduce the expense to patients, communities, insurance providers and employers by avoiding needless travel costs and absent work days for primary and specialty medical services.

Telferscot Resources Inc.**Notes to Pro Forma Balance Sheet****As at September 30, 2017****(Stated in \$CAD)*****(Unaudited - Prepared by Management)***

The HCC LOI provides for a 60 exclusive period for the Company to complete due diligence on Livecare and to work with HCC to agree a binding agreement for the acquisition of Livecare.

- c) The Company has signed a Letter of Intent to acquire Canada Crypto Exchange Corp. (“CCEC”), parent company of CCX, a Canadian-based crypto currency exchange platform. CCEC has developed its exchange platform in partnership with ACX Tech Pty. Ltd of Perth, Australia and Blockchain Global Ltd. of Melbourne, Australia. The Letter of Intent with CCEC provides for a 180-day exclusive period of cooperation between the Company and CCEC to negotiate terms of the acquisition, launch the CCX platform in Canada and secure the necessary funding for development and marketing of the CCEC business plan.

The Company has further agreed general terms of acquisition of CCEC in a Letter Agreement dated February 8, 2018. This Agreement will provide the basis of negotiation on a formal Acquisition Agreement and provides for a deadline for completion of a definitive agreement by April 15, 2018. There are numerous conditions precedent to completion to the benefit of either CCEC or the Company. The Letter Agreement and subsequent definitive agreement will be subject to completion of the proposed Plan of Arrangement.

- d) The Company has an agreement with My Wine Canada Inc. (“MWC”) a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers to Canadian consumers. MWC is looking for a joint-venture partner to fund the development and deployment of a new site for the regulated sales of cannabis in Canada.
- e) The Company signed a Letter of Intent with New Cornubia Resources Inc. (“NCRI”) to source, define and evaluate gold exploration projects in Central America. The Company has entered into discussion with several possible acquisitions as a result of this LOI, but as yet has not come to terms acceptable to the Company. Notwithstanding, the Company believes that a strategic acquisition in the gold exploration sector is imminent and as such has committed to NCRI to continue the venture and has secured minimal funding to complete its project evaluation work.
- f) The Company has signed a Memorandum of Understanding with Enviro Resources Limited (“ERL”) to cooperate with ERL on the acquisition and development of environmentally-beneficial consumer, commercial and products. ERL has successfully acquired and progressed and commercialized products in this sector over the past 5 years and is looking for a strategic partner to fund new opportunities. Following completion of the proposed Plan of Arrangement, the Company will acquire the right of first refusal to fund ERL products and acquisitions. ERL will be subject to a fulsome and complete due diligence process to complete satisfaction of Telferscot.
- g) The Arrangement has been proposed to permit the existing Telferscot shareholders to receive any benefits that may accrue in respect of the Auxico Litigation. Pursuant to a prior transaction agreement entered into between Telferscot and Auxico, Telferscot was entitled to receive a \$150,000 break fee if Auxico failed to fulfill its obligations under the transaction agreement. When the transaction was terminated at the end of 2016, Auxico failed to pay the required break fee and Telferscot commenced litigation in the Province of Quebec. Documents have been exchanged and Telferscot is currently waiting for a trial date to be scheduled. On January 12, 2018, Telferscot entered into an amalgamation agreement with Canntab Therapeutics Inc., a private company incorporated under the laws of Ontario. The amalgamation agreement provides that Telferscot will, as a condition precedent to the completion of the Acquisition, transfer all rights, interests, obligations and claims in respect of the Auxico Litigation described above to a new entity, that being 10617059, in exchange for 25,000,000 shares. 10617059 will assume all ongoing legal costs to continue the action against Auxico as well as any risk of collection from any judgement or negotiated settlement.

Telferscot Resources Inc.**Notes to Pro Forma Balance Sheet****As at September 30, 2017****(Stated in \$CAD)*****(Unaudited - Prepared by Management)***

- h) The Arrangement envisions the transfer of each respective asset from its ownership by Telferscot to ownership by each of SpinCo1 to SpinCo7 inclusively and the immediate distribution in the common shares of each of SpinCo1 to SpinCo7 inclusively to the current shareholders of Telferscot. The shareholders of Telferscot at the time of the Arrangement will continue to collectively own each respective asset, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of each respective asset at the time that they are vended into each of SpinCo1 to SpinCo7 inclusively, the transfer from Telferscot has been recorded at a nominal value of \$1 (as Telferscot has no recorded historical carrying cost for each respective asset).
- i) Accordingly, each of SpinCo1 to SpinCo7 will assume the position of Telferscot of each respective Letter of Intent and/or asset.
- j) Further, this unaudited pro forma balance sheet reflects the assumption that each of SpinCo1 to SpinCo7 will acquire a tax basis in their respective asset equal to their carrying amount for accounting purposes, such that no liability exists for future income taxes.
- k) The effect of these pro-forma adjustments is development of a pro-forma balance sheet that reflects just the spin-out of all the above-noted assets, but is immediately prior to the Canntab-Telferscot RTO transaction. Accordingly, this pro forma balance sheet excludes any Canntab-related pro forma adjustments.