

NOTICE OF CHANGE IN CORPORATE STRUCTURE
Pursuant to Section 4.9 of National Instrument 51-102 - *Continuous Disclosure Obligations*
(the “Instrument”)

Item 1 Name of the Parties to the Transaction

Cannex Capital Holdings Inc. (“**Cannex**”), 4Front Holdings LLC (“**4Front**”), 4Front Corp. (“**Nevada Holdco**”) and 1196260 B.C. Ltd. (“**BC Newco**”, and together with Cannex, 4Front and Nevada Holdco, the “**Parties**”)

Item 2 Description of the Transaction

On July 31, 2019, the Parties completed a previously-announced business combination (the “**Transaction**”) pursuant to a definitive agreement between the Parties dated March 1, 2019, as amended (the “**Definitive Agreement**”). The Transaction was effected by a court-approved plan of arrangement (the “**Plan of Arrangement**”) under the *Business Corporations Act* (British Columbia) (“**BCBCA**”). The resulting issuer of the Business Combination is 4Front Ventures Corp., a British Columbia company (the “**Resulting Issuer**”).

Pursuant to the Definitive Agreement, prior to the Plan of Arrangement being effected, certain pre-arrangement transactions were completed (the “**Pre-Arrangement Transactions**”). Pursuant to the Pre-Arrangement Transactions, among other steps, former members of 4Front (“**4Front Members**”) contributed their membership interests into Nevada Holdco in exchange for shares in Nevada Holdco and Nevada Holdco continued from Nevada to British Columbia and changed its name to “4Front Ventures Corp.”

Pursuant to the Plan of Arrangement, BC Newco and Nevada Holdco amalgamated to form the Resulting Issuer. Each Nevada Holdco securityholder received substantially equivalent securities in the Resulting Issuer in exchange for their Nevada Holdco securities on a 1:1 basis. Subsequently, each Cannex securityholder holding Cannex Class “A” shares exchanged such securityholder’s shares for Class B subordinate proportionate voting shares of the Resulting Issuer (“**Subordinate Proportionate Voting Shares**”) on a 80:1 basis and each Cannex securityholder holding Cannex common shares exchanged such securityholder’s shares for Class A subordinate voting shares of the Resulting Issuer (“**Subordinate Voting Shares**”) on a 1:1 basis.

On closing of the Transaction (“**Closing**”), former 4Front Members controlled approximately 64.4% of the votes attached to the shares of the Resulting Issuer and former Cannex Shareholders controlled approximately 35.6% of the votes attached to the shares of the Resulting Issuer (in each case, on a non-diluted basis).

The Resulting Issuer has three classes of shares: Class A subordinate voting shares which carry one vote per share; Class B subordinate proportionate voting shares which carry 80 votes per share; and multiple voting shares (“**Multiple Voting Shares**”) which carry 800 votes per share. The Multiple Voting Shares are held by certain former members of 4Front. As a group, the Multiple Voting Shares will control approximately 65.9% of the votes of the Resulting Issuer (on an as-converted undiluted basis).

The Cannex component of the Transaction was approved by the shareholders of Cannex on April 18, 2019 and the Plan of Arrangement was approved by the shareholders of Nevada Holdco on July 26, 2019. Final approval for the Plan of Arrangement was obtained from the Supreme Court of British Columbia on July 30, 2019.

Item 3 Effective Date of Transaction

July 31, 2019

Item 4 Names of Each Party, if any, that Ceased to be a Reporting Issuer after the Transaction and of each Continuing Entity

Prior to the completion of the Transaction, Cannex was a reporting issuer in the provinces of British Columbia, Alberta and Ontario. Following the completion of the Transaction, Cannex ceased to be a reporting issuer under the applicable securities laws of British Columbia, Alberta and Ontario (as it was dissolved under the provision of the BCBCA pursuant to the Definitive Agreement). Evidence of such dissolution has been provided to the applicable securities regulatory authorities in British Columbia, Alberta and Ontario.

In connection with Closing, the Resulting Issuer became a reporting issuer under the applicable securities laws in the provinces of British Columbia, Alberta and Ontario.

Item 5 Date of the Issuer’s First Financial Year-End Subsequent to the Transaction

The date of the Resulting Issuer’s first financial year end after the Closing is: December 31, 2019.

Item 6 Periods, including comparative periods, if any, of the Interim and Annual Financial Statements Required to be Filed for the Issuer’s First Financial Year Subsequent to the Transaction

The period for which annual financial statements are required to be filed for the Resulting Issuer’s first financial year subsequent to the Transaction is the five-month period ended December 31, 2019 and the Reporting Issuer intends to file

all applicable interim financial statements in accordance with a December 31 year end.

Item 7 Documents filed under NI 51-102 that described the Transaction

The Transaction is described in the following documents filed under the Instrument, in each case available at www.sedar.com:

- (a) news release of Cannex dated November 26, 2018 in respect of the binding letter agreement in connection with the Transaction (available on Cannex's SEDAR profile);
- (b) material change report of Cannex dated November 30, 2018 in respect of the execution of the binding letter agreement in connection with the Transaction (available on Cannex's SEDAR profile);
- (c) news release of Cannex dated March 1, 2019 in respect of the execution of the Definitive Agreement (available on Cannex's SEDAR profile);
- (d) Definitive Agreement (available on the SEDAR profiles of each of Cannex and the Resulting Issuer);
- (e) material change report of Cannex dated March 14, 2019 in respect of the execution of the Definitive Agreement (available on Cannex's SEDAR profile);
- (f) management information circular of Cannex dated March 19, 2019 (available on Cannex's SEDAR profile);
- (g) Canadian Securities Exchange Listing Statement for the Resulting Issuer dated April 25, 2019 (available on the Resulting Issuer's SEDAR profile); and
- (h) news release of the Resulting Issuer announcing the Closing dated July 31, 2019 (available on the Resulting Issuer's SEDAR profile).

Item 8 Date of Report

August 2, 2019