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

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

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the "**United States**"), or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a "**U.S. Person**") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person. See "Plan of Distribution".*

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from 4Front Ventures Corp., at 5060 North 40th Street, Suite 120, Phoenix, Arizona 85018, telephone (949) 290-2453 and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue October 26, 2020

4FRONT VENTURES CORP.

$15,001,000

21,430,000 Units

Price: $0.70 per Unit

This preliminary short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of 21,430,000 units (the "**Units**") of 4Front Ventures Corp. (the "**Corporation**" or "**4Front**") at a price of $0.70 per Unit (the "**Offering Price**"). Each Unit consists of one Class A subordinate voting share ("**Subordinate Voting Shares**" or "**SVS**") in the capital of the Corporation (each, a "**Unit Share**") and one-half of one Subordinate Voting Share purchase warrant of the Corporation (each whole Subordinate Voting Share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Subordinate Voting Share (each, a "**Warrant Share**") at an exercise price of $0.90 for a period of 24 months following the Closing Date (as defined herein). The Warrants will be governed by a warrant indenture (the "**Warrant Indenture**") to be entered into on or before the Closing Date between the Corporation and Alliance Trust Company (the "**Warrant Agent**"), as warrant agent. See "*Description of Securities Being Distributed*".

The Units are being issued pursuant to an underwriting agreement dated October 26, 2020 (the "**Underwriting Agreement**"), among the Corporation and Beacon Securities Limited, as lead underwriter, Canaccord Genuity Corp. and Haywood Securities Inc. (collectively, the "**Underwriters**"). See "*Plan of Distribution*".

The Subordinate Voting Shares are listed and posted for trading on the Canadian Securities Exchange ("**CSE**") under the symbol "FFNT" and are quoted on the OTCQX Best Market (the "**OTCQX**") under the symbol "FFNTF".

On October 19, 2020, the last trading day prior to the announcement of the Offering, the closing price per Subordinate Voting Share on the CSE was $0.79 and on the OTCQX was US$0.53. On October 23, 2020, the last trading day prior to the date of this Prospectus, the closing price per SVS on the CSE was $0.70 and on the OTCQX was US$0.53.

The Corporation has given notice to the CSE to list the Unit Shares, the Warrants, the Warrant Shares and the Compensation Option Shares (as defined below) on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE. **There is currently no market through which the Warrants may be sold and purchasers may not be able to resell such Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "*Risk Factors*".**

	Price to the Public[(1)]	**Underwriters' Fee[(2)]**	**Net Proceeds to the Corporation[(3)(4)]**
Per Unit	$0.70	$0.042	$0.658
Total	$15,001,000	$900,060	$14,100,940

(1) The Offering Price was determined by arm's length negotiation between the Corporation and the Underwriters with reference to the prevailing market price of the Subordinate Voting Shares.

(2) The Corporation has agreed to pay the Underwriters a cash fee (the "**Underwriters' Fee**") equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option (as defined herein)). In addition, the Underwriters will be issued non-transferable compensation options (the "**Compensation Options**") entitling the Underwriters to purchase that number of Subordinate Voting Shares (the "**Compensation Option Shares**") equal to 6% of the number of Units sold pursuant to the Offering (including any additional Units sold pursuant to the Over-Allotment Option). Each Compensation Option shall entitle the Underwriters to acquire one Compensation Option Share at a price of $0.70, subject to customary adjustment, for a period of 24 months following the Closing Date. See "*Plan of Distribution*".

(3) After deducting the Underwriters' Fee, but before deducting the expenses of the Offering (estimated to be approximately $400,000), which together with the Underwriters' Fee, will be paid from the gross proceeds of the Offering, the net proceeds to the Corporation will be $14,100,940 (prior to giving effect to the exercise of the Over-Allotment Option (as defined herein)).

(4) The Underwriters have been granted an over-allotment option, exercisable, in whole or in part, at any time, and from time to time, on or before the 30th day following the Closing Date (the "**Over-Allotment Deadline**"), to purchase up to an additional 3,214,500 Units (the "**Over-Allotment Units**") at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to 3,214,500 Over-Allotment Units at the Offering Price; (ii) up to 3,214,500 additional Unit Shares (the "**Over-Allotment Shares**") at a price of $0.67 per Over-Allotment Share (the "**Over-Allotment Share Price**"); (iii) up to 1,607,250 additional Warrants (the "**Over-Allotment Warrants**") at a price of $0.06 (being $0.03 per each half Over-Allotment Warrant) per Over-Allotment Warrant (the "**Over-Allotment Warrant Price**"); or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares that may be issued under such Over-Allotment Option does not exceed 3,214,500 and the aggregate number of Over-Allotment Warrants that may be issued under such Over-Allotment Option does not exceed 1,607,250. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Corporation prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" (before deducting expenses of the Offering) will be $17,251,150, $1,035,069 and $16,216,081, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities (including, but not limited to Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants) forming part of the Underwriters' over-allocation position acquires those securities under the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets out the maximum number of securities under options issuable to the Underwriters in connection with the Offering (assuming the Over-Allotment Option is exercised in full):

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option[(1)]	3,214,500 Over-Allotment Units	For a period of 30 days from and including the Closing Date	$0.70 per Over-Allotment Unit $0.67 per Over-Allotment Share $0.06 per Over-Allotment Warrant (being $0.03 per each half Over-Allotment Warrant)
Compensation Options[(2)]	1,478,670 Compensation Option Shares	For a period of 24 months from the Closing Date	$0.70 per Compensation Option Share
Total securities under option issuable to Underwriters	3,214,500 Over-Allotment Units 1,478,670 Compensation Option Shares		

(1) This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. See "*Plan of Distribution*".
(2) This Prospectus qualifies the distribution of the Compensation Options. See "*Plan of Distribution*".

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

Investing in the Units is speculative and involves a high degree of risk and should only be made by persons who can afford the total loss of their investment. A prospective purchaser should therefore review this Prospectus and the documents incorporated by reference herein in their entirety and carefully consider the risk factors described under the section "Risk Factors" in this Prospectus and in the AIF (as defined herein) which is available under the Corporation's issuer profile on SEDAR at www.sedar.com, prior to investing in the Units. See "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*".

Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus. The Corporation and the Underwriters have not authorized anyone to provide prospective purchasers with information different from that contained or incorporated by reference in this Prospectus. The Underwriters are offering to sell and seeking offers to buy the Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. Prospective purchasers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.

Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian and U.S. federal income tax laws to their particular circumstances, as well as any other provincial, state, foreign and other tax consequences of acquiring, holding or disposing of the Units, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Units.

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", subject to the approval of certain legal matters on behalf of the

Corporation by Fasken Martineau DuMoulin LLP and on behalf of the Underwriters by Borden Ladner Gervais LLP.

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about November 12, 2020, or such other date as may be agreed upon by the Corporation and the Underwriters, but in any event not later than 42 days after the date of the receipt for the (final) short form prospectus (the "**Closing Date**"). In connection with the Offering, and subject to applicable laws, the Underwriters may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Subordinate Voting Shares at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Units at a lower price than stated above. See "*Plan of Distribution*".**

It is anticipated that the Unit Shares and Warrants comprising the Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited in electronic form, or will otherwise be delivered to the Underwriters registered as directed by the Underwriters, on the Closing Date, other than securities issued in the United States or to, or for the account or benefit of, U.S. Persons that are "accredited investors" as defined under Regulation D under the Securities Act ("U**.S. Accredited Investors**"), if any. Except in limited circumstances, a purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Unit Shares and Warrants on behalf of owners who have purchased Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required, other than to U.S. Accredited Investors. See "*Plan of Distribution*".

The Corporation has three classes of issued and outstanding shares: (i) Subordinate Voting Shares; (ii) class B subordinate proportionate voting shares (the "**Subordinate Proportionate Voting Shares**" or "**SPVS**"); and (iii) class C multiple voting shares ("**MVS**"). The Subordinate Voting Shares and the Subordinate Proportionate Voting Shares are "restricted securities" (as defined in National Instrument 41-101 - *General Prospectus Requirements* ("NI 41-101")). Unless otherwise required by the Articles of the Corporation, or applicable corporate law, at any meeting of Shareholders, Shareholders are entitled to one vote per Subordinate Voting Share, 80 votes per Subordinate Proportionate Voting Shares and 800 votes per Multiple Voting Shares. See "The Corporation – Description of the Share Capital of the Corporation - Restricted Security Disclosure" for further details.

Leonid Gontmakher, Nicolle Dorsey, and each of the directors of the Corporation reside outside of Canada and has each appointed as his or her, as applicable, agent for service of process in Canada the persons or company named below:

Name of Persons or Company	**Name and Address of Agent**
Leonid Gontmakher	Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6
Nicolle Dorsey	Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6
Betty Aldworth	Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6
David Daily	Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6
Kathi Lentzsch	Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6
Joshua N. Rosen	Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6

Eric Rey	Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

The Corporation's head office is located at 5060 N. 40th Street, Suite 120, Phoenix, Arizona 85018 and registered office is located at 2900-550 Burrard Street, Vancouver, BC V6C 0A3.

This Prospectus qualifies the distribution of securities of an entity that currently derives, and intends to derive, directly and indirectly, a substantial portion of its revenues from the cannabis industry in the states of Washington, Massachusetts, Illinois, California and Michigan, which industry is illegal under U.S. federal law and enforcement of relevant laws is a significant risk. The Corporation is directly involved in the cannabis industry in the United States where local state laws permit such activities. Currently, the Corporation is directly and indirectly engaged in, or pursuing operations regarding, the sale or distribution of cannabis in the recreational and medicinal cannabis marketplaces in Massachusetts, Illinois, California, Washington and Michigan. Third party service providers could suspend or withdraw services as a result of the Corporation operating in an industry that is illegal under U.S. federal law.

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States, cannabis is largely regulated at the state level. State laws that permit and regulate the production, distribution, sale and use of cannabis for adult-use or medical purposes are in direct conflict with the CSA, which makes cannabis cultivation, production of cannabis derived products, distribution, sale and use and possession illegal under U.S. federal law. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, then U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the "Cole Memo"). With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the Department of Justice pursues prosecutions, then the Corporation could face: (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis; or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, William Barr was sworn in as United States Attorney General. During his confirmation hearing on January 15, 2019, Mr. Barr pledged not to pursue marijuana companies that comply with state law. This pledge was made in writing, when responding to written questions from Senators: "As discussed in my hearing, I do not intend to go after parties who have complied with the state law in reliance on the Cole Memorandum". Moreover, in January of 2019, Attorney General William Barr, in a series of written responses to the Senate Judiciary Committee as a follow up to his confirmation hearing, stated his preference is that the "legislative process,

rather than administrative guidance, is ultimately the right way to resolve whether and how to legalize marijuana." Attorney General William Barr's statements are not official declarations of the U.S. Department of Justice ("DOJ") policy, are not binding on the DOJ, on any U.S. Attorney, or on the federal courts. Attorney General William Barr may clarify, retract, or contradict these statements.

Despite the current state of the federal law and the CSA, the States of California, Nevada, Massachusetts, Maine, Washington, Oregon, Colorado, Vermont, Michigan, Illinois and Alaska, and the District of Columbia, have legalized recreational use of cannabis. Maine has not yet begun recreational cannabis commercial operations. In early 2018, Vermont became the first state to legalize recreational cannabis by passage in a state legislature, but does not allow commercial sales of recreational cannabis. Although the District of Columbia voters passed a ballot initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers. In addition, more than half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, and some of those states have only legalized and currently regulate the sale and use of medical cannabis with strict limits on the levels of Tetrahydrocannabinol ("THC").

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects would be materially adversely affected.

Since 2014, the United States Congress has passed appropriations bills which included provisions to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law (the "Rohrabacher-Leahy Amendment" but also referred to as the Joyce/Leahy Amendment, Leahy Amendment, Rohrabacher-Farr Amendment or the Rohrabacher-Blumenauer Amendment). On December 20, 2019, the 2020 Fiscal Year omnibus spending bill, which included the Rohrabacher-Leahy Amendment, was signed into law extending its application until the end of the 2020 fiscal year on September 30, 2020. There can be no assurances that the Rohrabacher-Leahy Amendment will be included in future appropriations bills or if a new budget will be enacted after the upcoming 2020 United States presidential election in November 2020. If the Rohrabacher-Leahy Amendment is no longer in effect, the risk of federal enforcement and override of state marijuana laws would increase.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memo discussed above, on February 8, 2018 the Canadian Securities Administrators published a staff notice ("Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

The Corporation holds assets, leases real estate holdings, and serves its customers and patients from its cannabis facilities located in California, Washington Massachusetts, Illinois, and Michigan,. The Corporation currently produces the majority of its cannabis product at its facilities in Massachusetts and Illinois. The foregoing assets are held by the Corporation (directly or indirectly) and the Corporation is directly involved in the cultivation and distribution of medical and adult use cannabis for the purposes of Staff Notice 51-352. As of the date hereof, all of the Corporation's assets and operations are currently related to U.S. marijuana related activities.

The Corporation's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Corporation. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law, and the Corporation could face charges related to producing, cultivating, extracting, or dispensing cannabis, including aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.

For these reasons, the Corporation's operations in the United States cannabis market may subject the Corporation to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian and U.S. authorities. There are a number of risks associated with the business of the Corporation. See the sections entitled "*Risk Factors*" in this Prospectus and in the AIF.

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GENERAL MATTERS

Purchasers should rely only on the information contained in this Prospectus (including the documents incorporated by reference herein) and is not entitled to rely on parts of the information contained in this Prospectus (including the documents incorporated by reference herein) to the exclusion of others. The Corporation and the Underwriters have not authorized anyone to provide investors with additional or different information. The Corporation and the Underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide prospective purchasers. Information contained on, or otherwise accessed through, the Corporation's website shall not be deemed to be a part of this Prospectus and such information is not incorporated by reference, despite any references to such information in this Prospectus or the documents incorporated by reference herein, and prospective purchasers should not rely on such information when deciding whether or not to invest in the Units. Other than this Prospectus in electronic format, the information on the Underwriters' website and any information contained in any other website maintained by the Underwriters or their affiliates is not part of this Prospectus, has not been approved and/or endorsed by the Corporation or the Underwriters and should not be relied upon by prospective purchasers.

The Corporation and the Underwriters are not offering to sell the Units in any jurisdictions where the offer or sale of the Units is not permitted. The information contained in this Prospectus (including the documents incorporated by reference herein) is accurate only as of the date of this Prospectus (or the date of the document incorporated by reference herein, as applicable), regardless of the time of delivery of this Prospectus or any sale of the Units. The business, financial condition, results of operations and prospects of the Corporation may have changed since those dates. The Corporation does not undertake to update the information contained or incorporated by reference herein, except as required by applicable Canadian securities laws.

This Prospectus, including the documents incorporated by reference herein, contains company names, product names, trade names, trademarks and service marks of the Corporation and other organizations, all of which are the property of their respective owners.

This Prospectus shall not be used by anyone for any purpose other than in connection with the Offering.

The documents incorporated or deemed to be incorporated by reference herein contain meaningful and material information relating to the Corporation and prospective purchasers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION

References to dollars or "$" are to Canadian currency unless otherwise indicated. All references to "US$" refer to United States dollars. On October 23, 2020, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US$1.00 = $1.314.

Unless the context otherwise requires, all references in this Prospectus to the "Corporation" refer to the Corporation and its subsidiary entities on a consolidated basis.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained or incorporated by reference in this Prospectus is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Corporation believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. Neither the Corporation nor the Underwriters have independently verified any of the data from third party sources referred to or incorporated by reference herein and accordingly, the accuracy and completeness of such data is not guaranteed.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, including the documents incorporated herein by reference, contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Prospectus that addresses activities, events or developments that the Corporation expects or anticipates will or may occur in the future is

forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: statements relating to the business and future activities of, and developments related to, the Corporation after the date of this Prospectus, including such things as the actual impact of the novel strain of the coronavirus known as SARS-CoV-2 which is responsible for the coronavirus disease known as COVID-19 and its impact on the Corporation's personnel, business, operations and financial condition, the future business strategy, competitive strengths, goals, expansion and growth of the Corporation's business, operations and plans, including, new revenue streams, the application for additional licenses and the grant of licenses or renewals of existing licenses that have been applied for, the completion of production facilities that are under construction, any potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the United States and the states in which the Corporation operates or contemplates future operations; expectations for other economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Corporation at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others, risks related to the completion of the Offering; risks relating to the Corporation's discretion in the use of proceeds of the Offering; risks related to the need for additional financing; risks relating to there being no current market for the Warrants; risks related to the volatile market price of the Subordinate Voting Shares; risks relating to dilution; risks related to the COVID-19 pandemic; risks related to production of components for planned infrastructure produced in China; risks related to U.S. regulatory landscape and enforcement relating to cannabis; risk of the U.S. federal government not legalizing cannabis for medial or adult-use; risks related to regulatory or political change; risks relating to banks refusing to provide banking services to the cannabis industry; risks related to bankruptcy and the lack of U.S. bankruptcy protections; risks related to the Corporation being subject to heightened scrutiny by Canadian regulatory authorities; risks related to the Corporation's status as a Foreign Private Issuer; risks relating to regulation in the states in which the Corporation operates in; risks related to unknown additional regulatory charges, fees and taxes that may be assessed; risks related to liens on the Corporation's inventory or licenses of its clients and contracting parties; risks related to the effect of delays in enacting state or federal regulations on the Corporation's strategic growth targets and lower return on investor capital; risks related to limited trademark protection; risks related to high bonding and insurance costs; risks related to bans on directors, officers and employees of Corporation to enter the United States; risks related to public opinion and perception of the cannabis industry; risks related to the Corporations inability to respond to changing regulatory landscapes; risks related to lack of reliable data on the medical and adult-use cannabis industry; business and operational risks; risks relating to projections of the Corporation's operations; risks related to the substantial risk and uncertainty of the cannabis industry; risk of litigation; risks related to ability to manage future growth; risks relating to lending activities; risks related to the enforceability of contracts; reliance on the expertise of the Corporation's board of directors; security risks; risks related to well-capitalized entrants into the cannabis industry; risks related to the Corporation being an early stage business enterprise; risks inherent in an agricultural business; risks related to competition; risk related to internal controls; risks related to potential disclosure of personal information to government or regulatory entities; risks related to the Corporation's investment in companies with limited operating history; risks related to enforceability of judgements against foreign subsidiaries; risks related to results of future clinical research; environmental risks and regulation; product liability risks; risks related to product recalls; risks related to reliance on key inputs; reliance on the expertise and judgment of senior management of the Corporation; risks related to growth of the Corporation; risks related to fraudulent or illegal activity of employees, contractors and consultants; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to the operation of the Corporation's investments; risks associated with financial leverage; risks relating to the concentrated voting control of the Corporation caused by the existing capital structure; risks related to the Corporation's ability to obtain additional financing; conflicts of interest; risks related to price volatility of publicly traded securities; risks related to payment of dividends; tax and insurance related risks; and other factors beyond the Corporation's control, as well as those risk factors discussed elsewhere herein and in the documents incorporated by reference herein. See "*Risk Factors*".

Prospective purchasers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Corporation has attempted to identify important factors that could cause actual

results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, prospective purchasers should not place undue reliance on forward-looking information and statements, including the documents incorporated herein by reference, as statements containing forward-looking information involve significant risks and uncertainties and should not be read as guarantees of future results, performance, achievements, prospects and opportunities. The forward-looking information and statements contained herein are presented for the purposes of assisting prospective purchasers in understanding the Corporation's expected financial and operating performance and the Corporation's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this Prospectus, including the documents incorporated herein by reference, represent the Corporation's views and expectations as of the date of this Prospectus and forward-looking information and statements contained herein represent the Corporation's views as of the date of hereof. The Corporation anticipates that subsequent events and developments may cause its views to change. However, while the Corporation may elect to update such forward-looking information and statements at a future time, it has no current intention of doing so except to the extent required by applicable law.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, and Borden Ladner Gervais LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder, in force as of the date hereof, the Unit Shares, Warrants, and Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account (collectively, "**Registered Plans**") or a deferred profit sharing plan ("**DPSP**"), provided that:

(i) in the case of the Unit Shares and the Warrant Shares, (a) the Unit Shares or Warrant Shares are listed on a designated stock exchange for the purposes of the Tax Act (which currently includes the CSE) or (b) the Corporation qualifies as a "public corporation" (as defined in the Tax Act); and

(ii) in the case of the Warrants, (a) the Warrants are listed on a designated stock exchange or (b) the Warrant Shares are qualified investments as described in (i) above and the Corporation is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Registered Plan or DPSP.

Notwithstanding the foregoing, the holder of, or annuitant or subscriber under, a Registered Plan (the "**Controlling Individual**") will be subject to a penalty tax in respect of Unit Shares, Warrant Shares or Warrants held in the Registered Plan if such securities are a prohibited investment for the particular Registered Plan. A Unit Share, Warrant Share or Warrant generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with the Corporation for the purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in the Corporation. In addition, the Unit Shares and Warrant Shares will generally not be a "prohibited investment" if such securities are "excluded property" (as defined in the Tax Act) for a Registered Plan.

Persons who intend to hold Unit Shares, Warrants or Warrant Shares in a Registered Plan or DPSP, should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporation, 5060 North 40th Street, Suite 120, Phoenix, Arizona 85018, and are also available electronically at www.sedar.com.

The following documents, filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

1. The management information circular of Cannex (as defined below) dated March 19, 2019 (the "**Cannex Circular**") relating to the special meeting of securityholders of Cannex to approve the components of the Business Combination (as defined below) related to Cannex and the equity incentive plan of the Corporation, excluding the following sections, schedules and appendices (as applicable) of the Cannex Circular:

   (i) Appendix D (Fairness Opinion), being the fairness opinion of Beacon Securities Limited dated February 27, 2019;

   (ii) the section entitled "Executive Compensation" at Appendix F (Information Relating to the Resulting Issuer);

   (iii) Schedule "A" of Appendix F, being management's discussion & analysis of 4Front Holdings LLC for the years ended December 31, 2017 and 2016 and for the three and nine months ended September 30, 2018 and 2017;

   (iv) Schedule "B" of Appendix F, being management's discussion & analysis of Healthy Pharms, Inc. for the years ended December 31, 2017 and 2016 and for the three and nine months ended September 30, 2018 and 2017;

   (v) Appendix I (Financial Statements), being the pro forma financial statements of 4Front Holdings LLC and the notes thereto; the consolidated financial statement of 4Front Holdings LLC as of and for the years ended December 31, 2017 and 2016 (including the notes thereto and auditors report thereon); the condensed interim consolidated financial statements of 4Front Holdings LLC for the three and nine months ended September 30, 2018 and 2017 (including the notes thereto); the financial statements of Healthy Pharms, Inc. as of December 31, 2017, December 31, 2016 and January 1, 2016 and for the years ended December 31, 2017 and 2016 (including the notes thereto and auditors report thereon); the condensed financial statements of Healthy Pharms, Inc. as of September 30, 2018 and December 31, 2017 and for the three and nine months ended September 30, 2018 and 2017 (including the notes thereto); and

   (vi) in each case of (i) through to and including (v) above, any summary information or information derived therefrom in the Cannex Circular.

2. the annual information form of the Corporation dated June 30, 2020, in respect of the fiscal year ended December 31, 2019 (the "**AIF**");

3. the audited annual consolidated financial statements of the Corporation and the notes thereto for the years ended December 31, 2019 and 2018, together with the auditor's report thereon, as amended and refiled on October 26, 2020 (the "**2019 Financials**");

4. the management's discussion and analysis of the Corporation for the years ended December 31, 2019 and 2018;

5. the unaudited condensed consolidated interim financial statements of the Corporation for the three and six months ended June 30, 2020 and 2019, together with the notes thereto (the "**Interim Financial Statements**");

6. the management's discussion and analysis of the Corporation for the three and six months ended June 30, 2020 and 2019 (the "**Interim MD&A**");

7. the material change report of the Corporation dated February 7, 2020 announcing the closing of additional funding from entities associated with Gotham Green Partners, LLC;

8. the material change report of the Corporation dated April 13, 2020 announcing (i) the appointment of Leo Gontmakher to the position of Chief Executive Officer and Nicolle Dorsey to the position of Chief

Financial Officer; and (ii) the closing of the Corporation's divestiture of the assets of its indirect subsidiary, PHX Interactive LLC, effective as of March 20, 2020;

9. the material change report of the Corporation dated May 26, 2020 announcing the upsizing and close of a private placement of convertible debentures and the close of the sale of the Corporation's non-core retail assets in Pennsylvania; and

10. a template version of the term sheet in respect of the Offering dated October 20, 2020 (the "**Marketing Materials**").

Any document of the types (i) referred to in the preceding paragraphs (1) through (10), or (ii) described in section 11.1 of Form 44-101F1 – *Short Form Prospectus*, filed by the Corporation with the securities regulatory authorities in each of the provinces of Canada other than Quebec, after the date of this Prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference in and form an integral part of this Prospectus. The documents incorporated or deemed to be incorporated by reference in this Prospectus contain meaningful and material information relating to the Corporation, and prospective investors should review all information contained in this Prospectus and the documents incorporated by reference in this Prospectus before making an investment decision.

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

MARKETING MATERIALS

Any "template version" of "marketing materials" (as such terms are defined in NI 41-101 will be incorporated by reference into the (final) short form prospectus. However, any such template version of marketing materials will not form part of the (final) short form prospectus to the extent that the contents of the template version of marketing materials are modified or superseded by a statement contained in the (final) short form prospectus. Any template version of marketing materials filed on SEDAR after the date of the (final) short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or amended version of, the Marketing Materials) will be deemed to be incorporated into the (final) short form prospectus.

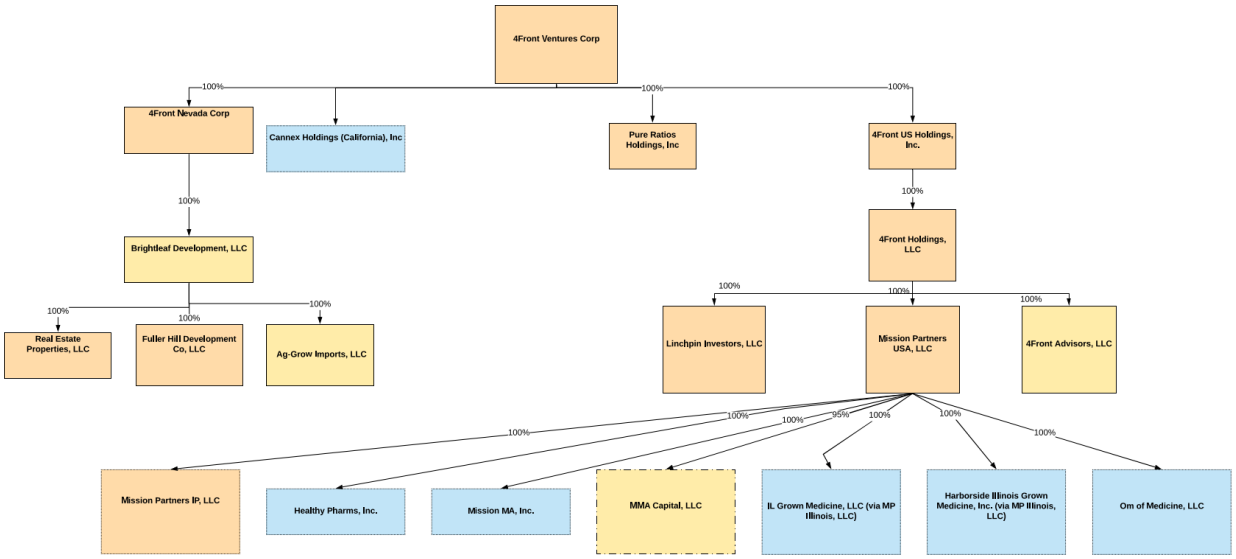
THE CORPORATION

Corporate Structure

4Front Ventures Corp. is a corporation existing under the provisions of the *Business Corporations Act* (British Columbia). The Corporation currently owns or manages licensed cannabis facilities in state-licensed markets in the United States. On July 31, 2019, 4Front Holdings LLC ("**Holdings**") and Cannex Capital Holdings Inc. ("**Cannex**") completed a business combination which resulted in the business of each of Holdings and Cannex becoming the business of the Corporation (the "**Business Combination**").

The Corporation's registered office is at 550 Burrard St., Suite. 2900, Vancouver, BC and its head corporate office at 5060 N. 40th St., Suite. 120, Phoenix, AZ.

The following is an organizational chart that represents the current intercorporate relationships among the Corporation and its subsidiaries.



Notes:
(1) 100% interest in each of Harborside Illinois Grown Medicine, LLC and IL Grown Medicine, LLC are beneficial interests only, held by a Nominee Holder (as defined herein).

The Corporation's principal subsidiaries, defined as subsidiaries that represents 10% or more of the total assets of 4Front or 10% or more of the total revenues of 4Front, at the date of this Prospectus are listed below:

Name of Subsidiary	Principal Activity	Jurisdiction of Incorporation	Ownership %
Mission Partners USA, LLC	Investment Company	Arizona	100%
Linchpin Investors, LLC	Finance Company	Arizona	100%
Healthy Pharms, Inc.	Cultivation and Dispensary	Massachusetts	100%
Real Estate Properties LLC	Real Estate Holding	Washington	100%
Ag-Grow Imports LLC	Importer of Equipment	Washington	100%
Brightleaf Development LLC	Holding Company	Washington	100%
Fuller Hill Development Co, LLC	Real Estate Holding	Washington	100%
Cannex Holdings (California) Inc.	Real Estate Holding	Washington	100%
4Front Nevada Corp.	Holding Company	Nevada	100%
Pure Ratios Holdings, Inc.	Online CBD Retail	California	100%
4Front US Holdings, Inc.	Holding Company	Delaware	100%
4Front Holdings, LLC	Holding Company	Delaware	100%
4Front Advisors, LLC	Consulting Company	Arizona	100%
Om of Medicine, LLC	Dispensary	Michigan	100%
MMA Capital, LLC	Investment Company	Massachusetts	95%
Mission MA, Inc.	Cultivation and Dispensary	Massachusetts	100%
Mission Partners IP, LLC	IP Holding Company	Delaware	100%

The Corporation directly or indirectly owns and controls the voting shares of all the subsidiaries in the percentages noted above. In addition, 4Front has a 100% beneficial (but not legal) interest in each of Harborside Illinois Grown Medicine, LLC, the holder of a dispensary license in Illinois, and IL Grown Medicine, LLC, the holder of a cultivation license in Illinois; each of these entities represents 10% or more of the total assets of 4Front or 10% or more of the total revenues of 4Front.

Description of the Share Capital of the Corporation

The Corporation is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Subordinate Proportionate Voting Shares, and an unlimited number of Multiple Voting Shares. As at the date of this Prospectus, 359,717,867 Subordinate Voting Shares, 1,853,930 Subordinate Proportionate Voting Shares and 1,281,454 Multiple Voting Shares are issued and outstanding. See "*Description of Capital Structur*e" beginning at page 61 in the AIF and "*Description of Securities Being Offered*" below.

Summary Description of the Business

Overview of the Corporation's Cannabis Business

The Corporation currently owns, manages or operates licensed cannabis facilities in state-licensed markets in the United States.

As of the date hereof, the Corporation operates four (4) dispensaries in Massachusetts, Illinois and Michigan. The Corporation operates two production facilities in Massachusetts, and one in Illinois.

The Corporation leases real estate and sells equipment, supplies and licenses intellectual property to licensed cannabis producers in the state of Washington.

The Corporation also owns and operates Pure Ratios Holdings, Inc. ("**Pure Ratios**") (which was acquired by Cannex in June 2019), a CBD-focused wellness company in California, that sells non-THC products throughout the United States.

The Corporation has five reportable segments:

- *Retail* – direct sales to end consumers in its retail stores.
- *Production* – manufacturing and distribution of packaged cannabis products to its own dispensaries and third-party retailers and/or customers, and importation and sale of equipment and supplies.
- *Pure Ratios* – production and sale of CBD products to third-party customers.
- *Real Estate* – leasing of real estate to cannabis producers in Washington.
- *Corporate* – back-office support and management of all reportable segments.

Retail

The Corporation owns and operates two dispensaries in Massachusetts, and one dispensary in each of Illinois and Michigan. The Corporation leases the real estate in connection with the Worcester, Massachusetts property and Om of Medicine LLC ("**Om"**) dispensary in Michigan and owns the real estate in connection with Mission South Shore and Georgetown Mission facilities.

The Corporation acquired its interest in the Om dispensary pursuant to a membership interest purchase agreement dated April 15, 2019. The transfer of the Om cannabis dispensary license from Om to the Corporation remains subject to Michigan regulatory approval. In order to receive such regulatory approval, the Michigan regulators need to complete background checks on the executive officers, directors and 10% shareholders of the Corporation. As similar background checks have been completed on such persons by other state regulators, the Corporation does not anticipate any material issues in receiving regulatory approval for the Om dispensary license transfer. In the interim, the Om dispensary is being operated by a former member of Om who is a current employee of the Corporation. The Corporation has assumed the economic interests and liabilities of Om and the Om dispensary. See "*Risk Factors - State regulatory regimes in which the Corporation, and its counterparties, operate are complex and there may be severe penalties for noncompliance*".

The Corporation's dispensaries are, with the exception of Om in Michigan, branded under the "MISSION" retail brand. The dispensaries sell products which are either: (1) purchased from licensed cannabis producers in the state in which they operate, if allowed under state law and regulation; or, (2) transferred from the Corporation's owned or managed production operations within the relevant state market as in the case of markets where "vertical integration" (i.e. jurisdictions in which the Corporation can and does own both retail and production cannabis assets such as Illinois or Massachusetts). Product availability varies depending on conditions in the Corporation's key retail markets, and the performance of the Corporation's own production assets. Product shortages are common during the initial launch of an adult use cannabis regime, such as in Illinois. Interstate commerce of cannabis is illegal under state and federal law and therefore the Corporation may not transfer inventory between key retail markets currently.

The Corporation is focused on expanding its own production assets in order to provide better product availability for the retail segment, especially focusing on increasing supply of high quality dried cannabis flower in markets where such product is in relatively short supply, such as in Illinois and Massachusetts.

Generally, the Corporation sells cannabis packaged goods in accordance with applicable state law and regulation through retail dispensaries (i.e. in store). However, due to the COVID-19 pandemic, the Corporation has expanded its services in certain markets to accommodate online ordering, curbside pickup and delivery where such activities are permitted by applicable state law and regulation.

Production

The Corporation operates two production facilities in Massachusetts and one in Illinois. The Corporation is building a cannabis manufacturing facility in Commerce, California, but paused construction in April 2020 due to uncertainty in the California market following the emergence of COVID-19. See "*Use of Proceeds*".

The Corporation is currently retrofitting its production facility in Georgetown, Massachusetts in order to add additional processing and growing capacity, which the Corporation expects to complete within the next fiscal quarter, and has also completed a retrofit of its smaller production facility in Worcester, Massachusetts which did increase production capacity. The application of Cannex knowhow, personnel, and production techniques has led to substantially increased initial yields at the Worcester facility to over 350 grams per square foot of flowering space annualized. The Corporation further plans an expansion of its flowering space in Illinois in order to better support product availability at its Mission South Shore dispensary, and for inventory at the future dispensary in Calumet City, which the Corporation expects to start before the end of 2020.

The Corporation produces dried cannabis flower and trim, extracted cannabis products such as wax and distillate, and cannabis infused edible products in each of its production facilities.

The production segment utilizes certain raw materials to produce cannabis flowers and other extracted products. To produce and dry cannabis flower, the Corporation utilizes growing medium, nutrients, water, electrical power, soil adjuvants, and certain beneficial pests as part of its integrated pest management efforts. There are many sources for such products (except for water and power, which are provided by the local utility), and prices are reflective of commodity pricing worldwide. Some of these raw material inputs are sourced internationally, so changes in import laws or duties are a potential risk. The prices of power and water are generally stable and set through processes that involve governmental approvals over any increases, but the prices of growing medium, nutrients, etc. are all at least somewhat exposed to underlying commodity price volatility.

For extract products, an additional input is butane or propane for use as a solvent. These gases are largely a commodity, their pricing is reflective of worldwide conditions, and they are supplied to the Corporation's operations by local suppliers of industrial gases and materials in the relevant jurisdictions. Prices for such inputs may be volatile, as with any other commodity.

The Corporation employs certain state registered and unregistered trademarks in association with its cannabis goods, including the dried cannabis flower brands "FUNKY MONKEY" and "LEGENDS," the edibles brands "LEFT HANDED" and "VERDURE," and the extracts brands "GOLDEN GOO" and "CRYSTAL CLEAR".

Pure Ratios

Pure Ratios is a cannabidiol ("CBD") products company in California that sells a variety of CBD products, both directly to consumer, business to business, and through third party fulfilment vendors. The products include CBD patches, salves, roll-ons, and tablets containing CBD with apoptogenic mushroom ingredients. Pure Ratios produces certain base ingredients, such as the CBD plus proprietary ingredient mixtures which are then injected into the finished patches by contract manufacturers.

The Pure Ratios segment utilizes certain raw materials to produce its CBD source materials, as do its contract manufacturers. These products include CBD source material, and certain herbs and other Ayurvedic ingredients which are part of Pure Ratios' formulations. These raw materials are generally commodities and their prices are reflective of worldwide commodity prices and volatility.

Pure Ratios utilizes reservoir patch technology which is the subject of current patent applications in the United States. Additionally, Pure Ratios utilizes trade secrets and other intangible knowhow in the creation and formulation of the proprietary blend of herbs and other ingredients which are combined with CBD in its products. Pure Ratios allows NWCS (as defined below) to use its intellectual property for product sales.

Pure Ratios creates certain of its CBD source materials through its proprietary processes and techniques, but creation and assembly of finished goods (e.g. salves, patches, etc.) is contracted to third party contract manufacturers. Additionally, Pure Ratios contracts with an internet sales organization which advertises Pure Ratios products, and then fulfils those products as well. Pure Ratios is therefore economically dependent on such third party manufacturers, and the third party advertising/fulfilment company.

Real Estate

The Corporation leases real estate and sells supplies to cannabis producers in Washington State.

The Corporation, through various subsidiaries, leases two facilities in Washington State: (1) the Tumwater Facility and (2) the Elma Grow.

The Tumwater Facility is made up of two buildings, with total interior area of approximately 116,500 square feet. 9631 Lathrop Industrial Drive is purely devoted to indoor cannabis cultivation (the "**Tumwater Grow**"), and 9603 Lathrop Industrial Drive is devoted to processing and distribution of cannabis (i.e., weighing, packaging, extracting, creation of edibles, and otherwise creating end products which are sold to licensed cannabis retailers by Superior Gardens LLC (d/b/a Northwest Cannabis Solutions) ("**NWCS**"). The Tumwater Facility is currently leased to and operated by NWCS, a Washington-State licensed cannabis producer/processor. No directors, officers or employees of the Corporation hold any interest in NWCS; rather, the interest is held by a consultant to the Corporation.

The Elma Grow is an approximately 60,000 square foot warehouse located at 37 Enterprise Lane, Elma, WA, which is leased from the Port of Grays Harbor under a lease which allows the Corporation to extend the lease up to an additional 50 years from October 1, 2016, by exercising the nine (9) consecutive five (5) year extension rights under the lease. After entering into this lease, the Corporation improved the existing warehouse into the Elma Grow, which is a facility devoted only to indoor cannabis cultivation, like the Tumwater Grow. Management believes that the Elma Grow is superior to the Tumwater Grow, because it implements multiple design/functionality improvements which management believes will increase operator yields and improve operator costs. The Elma Grow is leased to and operated by 7Point Holdings LLC ("**7Point**"), a Washington State-licensed cannabis producer and processor. No directors, officers or employees of the Corporation hold any interest in 7Point.

Additionally, the Corporation sells various non-cannabis inputs, such as lighting and packaging, to NWCS and 7Point, and also provides flat fee consulting services related to the growing and manufacturing of cannabis, integrated pest management systems, and the like.

Corporate

The Corporation has its corporate headquarters at 5060 N 40th Street, suite 120, Phoenix, AZ 85018. The Phoenix office is residence to corporate functions including, but not limited to: finance, accounting, risk management, information technology, human resources, legal, operations and project management. The Corporation has an additional office at 4122 Factoria Blvd Se Ste 405, Bellevue, WA 98006. The Bellevue office is residence to corporate functions including, but not limited to: supply chain, marketing, operations and infrastructure. In addition, the Corporation has corporate support staff decentralized across the United States, including, but not limited to: Los Angeles, Chicago, and Boston.

Recent Developments

COVID-19 Pandemic

In March, 2020, the United States and much of the world began experiencing a rapid increase in COVID-19 cases. The emergence of COVID-19, an extremely infectious airborne respiratory virus, caused a significant response on the part of many governments to contain it. The most relevant containment measure for the Corporation's business is the implementation of "essential" type business designations and implementation of social distancing protocols. Thus far, the Corporation's dispensaries and operations have been allowed to continue operating. Social distancing protocols have been implemented at the Corporation's dispensaries which meet or exceed those required by the local jurisdiction, and health and safety protocols for both employees and customers remain a focus of the Corporation. Through the date of this Prospectus, sales continue to meet or exceed comparable periods last year, however there is no guarantee that the Corporation's dispensaries/operations will continue to be designated as essential.

On March 30, 2020, the Corporation announced that it was delaying projects that require significant capital expenditures with uncertain near-term benefits. Notably, the Corporation announced its decision to delay the launch of its manufacturing facility in Commerce, California as a result of the challenging conditions that impacted the California adult-use market roll out prior to the COVID-19 pandemic.

As of the date hereof, all of the Corporation's retail stores in the following states remained open and operating with "Essential Service" designations: Illinois, Massachusetts, and Michigan. Online ordering, curbside pickup and delivery have also been implemented where allowed by law.

Massachusetts Licenses

On July 9, 2020, the Corporation announced that it has reached an agreement (the "**MA Agreement**") with the Massachusetts Cannabis Control Commission ("**Commission**") to resolve all legacy regulatory issues related to its acquired Georgetown Mission facility for adult-use retail and production operations. The MA Agreement enabled the Corporation to seek and obtain a final adult-use recreational license for the Georgetown Mission facility. On August 4, 2020, the Corporation announced that the opening of the Georgetown Mission facility for adult-use cannabis sales, would take place on August 12, 2020. As announced, the Georgetown Mission facility was opened on August 12, 2020.

On August 4, 2020, the Corporation announced that its Mission dispensary and cultivation/processing facilities in Worcester, Massachusetts were on the Commission's August 6, 2020 agenda for final adult-use licenses. On September 2, 2020, the Corporation announced that the Commission granted such licenses, authorizing adult-use retail and production operations at the Corporation's facilities in Worcester. Also, on September 2, 2020, the Corporation announced that the opening of the Worcester Mission facility for adult-use cannabis sales, would take place on September 9, 2020. As announced, the Worcester Mission facility opened for adult use on September 9, 2020.

Dispensary and Retail/Production Openings

The Mission dispensary located in Chicago's South Chicago neighbourhood reopened on July 31, 2020. The store had been temporarily closed on May 31, 2020, as a result of looting in Chicago. Previously known as Mission South Shore, the dispensary was renamed Mission South Chicago.

On September 24, 2020, the Corporation announced a new Mission Calumet City, Illinois dispensary to serve both adult-use customers and medicinal patients, which the Corporation expects to open by the end of 2020. The Mission Calumet City dispensary is fully licensed under the license beneficially owned by Harborside Illinois Grown Medicine, LLC. See "*Description of The U.S. Legal Cannabis Industry - Illinois*".

Completion of Sale of Non-Core Maryland Assets

On September 24, 2020, the Corporation announced that it completed the sale of three Maryland dispensaries to Ethos Cannabis for approximately US$5.5 million

On October 2, 2020, the Corporate completed the sale of its final remaining Maryland dispensary for approximately US$1.2 million.

Purchase of Compassion Health of Massachusetts, LLC's interest in 4Front Management Associates, LLC and MMA Capital LLC

On October 9, 2020, the Corporation completed its purchase of the membership units in 4Front Management Associates, LLC and MMA Capital, LLC.

DESCRIPTION OF THE U.S. LEGAL CANNABIS INDUSTRY

In accordance with Staff Notice 51-352 – Issuers with U.S. Marijuana-Related Activities, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Corporation is directly involved through certain subsidiaries and investees and expects to be directly involved through additional subsidiaries and investees in the U.S. legal cannabis industry. Pursuant to Staff Notice 51-352, issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents, such as this Prospectus. The Corporation is, through certain subsidiaries, and intends to be, directly or indirectly, through additional subsidiaries and proposed acquisition targets, directly engaged in the cultivation, processing, sale and distribution of cannabis in the cannabis marketplaces in Michigan, Illinois, California, Washington and Massachusetts. As such, the Corporation is subject to Staff Notice 51-352. Although the Corporation's business activities are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Corporation of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Corporation.

The following table is intended to assist readers in identifying those parts of this Prospectus that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Cross Reference (Prospectus)
All issuers with U.S. Marijuana-Related Activities	Describe the nature of the Corporation's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	• *Under the heading "Summary Description of the Business" in this Prospectus* • *Under the heading "Overview of the Corporation's Cannabis Business" in this Prospectus*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	• *Under the heading "Legal and Regulatory Matters" in this Prospectus* • *Under the heading "Risks Related to the Business of the Corporation" in this Prospectus*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the Corporation conducts U.S. marijuana-related activities.	• *Bold boxed cover page disclosure* • *Under the heading "Description of the U.S. Legal Cannabis Industry" in this Prospectus*
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the Corporation's ability to operate in the U.S.	• *Under the heading "Risk Factors" in this Prospectus*
	Given the illegality of marijuana under U.S. federal law, discuss the Corporation's ability to access both public and private capital and indicate what financing options are/are not available in order to support continuing operations.	• *Under the heading "Description of the U.S. Legal Cannabis Industry" in this Prospectus* • *Under the heading "Risk Factors" in this Prospectus*
	Quantify the Corporation's balance sheet and operating statement exposure to U.S. marijuana related activities.	• *Under the heading "Description of the U.S. Legal Cannabis Industry" in this Prospectus*
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	*The Corporation has received and continues to receive legal input, in verbal and written form (including opinions when required), regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law in certain respects.*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Cross Reference (Prospectus)
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Corporation operates and confirm how the Corporation complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	• *Under the heading "Description of the U.S. Legal Cannabis Industry" in this Prospectus* • *Under the Heading "Required Disclosure Pursuant to CSA Staff Notice 51-352" in the AIF*
	Discuss the Corporation's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the Corporation is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the Corporation's license, business activities or operations.	• *Under the heading "Description of the U.S. Legal Cannabis Industry" in this Prospectus* • *Under the heading "Risk Factors" in this Prospectus* • *Under the Heading "Required Disclosure Pursuant to CSA Staff Notice 51-352" in the AIF*
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Corporation's investee(s) operate.	*Not applicable.*
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the Corporation is aware, that may have an impact on the investee's license, business activities or operations.	*Not applicable.*
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	• *Under the heading "Description of the U.S. Legal Cannabis Industry" in this Prospectus* • *Under the heading "Risk Factors" in this Prospectus*

In accordance with Staff Notice 51-352, the Corporation will evaluate, monitor and reassess the disclosure herein, and any related risks, on an ongoing basis and expects to supplement and amend the disclosure in public filings, in the event of material government policy changes or the introduction of new or amended material guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on any of the Corporation's licenses, business activities or operations will be promptly disclosed by the Corporation.

As of the date hereof, 100% of the Corporation's business is derived from direct or ancillary U.S. Cannabis-related activities. The following chart sets out, the U.S. state(s) in which the Corporation and its subsidiaries operates in, as more specifically described below.

State	Primary Cannabis Regulator(s)	Direct, Indirect, or Ancillary Involvement in the U.S. Cannabis Industry Per Staff Notice 51-352	Currently Operational?	Brief Description of Operations
Illinois	Dispensary: Illinois Department of Public Health Cultivation: Illinois Department of Agriculture	Direct	Yes	Beneficial owner of 1 dispensary license (allowing for the operation of 2 dispensaries) and 1 cultivation/production license
Massachusetts	Massachusetts Cannabis Control Commission	Direct	Yes	Owner of 3 medical treatment center licenses (2 operating), 2 adult use licenses, and 2 cultivation and processing licenses.
Michigan	Michigan Department of Licensing and Regulatory Affairs	Direct	Yes	Will be the owner of entity which holds 1 Medical Provisioning Center license and 1 Adult-Use dispensary license when final regulatory approval is received. Corporation estimates regulatory approval will be received in Q1 2021.
California	Manufacturing: California Department of Public Health Distribution: California Department of Consumer Affairs, Bureau of Cannabis Control	Direct and Ancillary	No – Direct Yes – Ancillary	Direct: The Corporation owns a subsidiary that holds a temporary state cannabis manufacturing and distribution license. On March 30, 2020, the Corporation halted construction on the subsidiary's facility. The Corporation expects to recommence construction within 60 days of the completion of the Offering. See "*Use of Proceeds*". Ancillary: The Corporation's subsidiary, Pure Ratios Holdings Inc., is engaged in the sale of hemp products, and also the licensing of certain intellectual property to entities which are directly involved in various state cannabis operations.

Washington	Washington Liquor and Cannabis Board	Ancillary	Yes	Landlord and packaging supplier to cultivation and production licensees.

Legal and Regulatory Matters

Regulation of Cannabis in the United States

Marijuana (cannabis) is illegal under U.S. federal law, and enforcement of relevant laws governing marijuana-related activities is a significant risk for the Corporation. The U.S. federal government regulates drugs through, among other things, the CSA, 21 U.S.C. § 801 et seq., which places controlled substances, including marijuana, in a schedule. Marijuana is a Schedule I drug. A Schedule I controlled substance is defined as having no currently accepted medical use and a high potential for abuse. With the limited exception of the U.S. Food and Drug Administration's ("**FDA**") approving Epidiolex (cannabidiol) (CBD) oral solution for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, the FDA has not approved cannabis or cannabis-derived compounds as safe and effective drug for any indication.

Unlike in Canada, which has federal legislation governing the cultivation, distribution, sale, and possession of medical and adult-use cannabis, cannabis is largely regulated at the state level in the United States.

State laws regulating cannabis are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical, and in some cases also or adult-use cannabis production and distribution by licensed entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances. Although the Corporation's activities are compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Corporation of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Corporation.

Given the illegality of marijuana under U.S. federal law, the issuer's access to capital could be negatively affected by public and/or private capital not being available to support continuing operations. At present, management believes that both private and public capital are available to the Corporation on terms acceptable to the Corporation but management also believes that this capital availability could change without notice, requiring the Corporation to operate solely on internally-generated funds. In the event that the Corporation has insufficient internally-generated funds the Corporation could fail and you could lose all of your investment. Management is not currently aware of any specific U.S. federal or state initiatives that would lessen the Corporation's capital access.

On January 4, 2018, then-U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice ("**DOJ**") specific to cannabis enforcement in the United States, including the Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the "Cole Memo"). With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the Department of Justice pursues prosecutions, then the Corporation could face: (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; (ii) the arrest of its employees, directors, officers, managers and investors; (iii) charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis; and/or (iv) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, William Barr was sworn in as United States Attorney General. During his confirmation hearing on January 15, 2019, Mr. Barr pledged not to pursue marijuana companies that comply with state law. This pledge was made in writing, when responding to written questions from Senators: "As discussed in my hearing, I do not intend to go after parties who have complied with the state law in reliance on the Cole Memorandum." Moreover, in January of 2019, Attorney General William Barr, in a series of written responses to the Senate Judiciary Committee as a follow up to his confirmation hearing, stated his preference is that the "legislative process, rather than administrative guidance, is ultimately the right way to resolve whether and how to legalize marijuana." Attorney General William Barr's statements are not official declarations of DOJ policy, are not

binding on the DOJ, on any U.S. Attorney, or on the federal courts. Attorney General William Barr may clarify, retract, or contradict these statements.

Despite uncertainty regarding DOJ's future treatment of marijuana, there has been limited federal legislative protection for the medical cannabis industry. For fiscal years 2015-2018, Congress adopted budget riders to the Consolidated Appropriations Acts (sometimes referred to as the Rohrabacher-Farr or Rohrabacher-Blumenauer Amendment) to prevent the federal government from using appropriated funds to enforce federal marijuana laws against regulated medical cannabis actors operating in compliance with state and local law. The Rohrabacher-Blumenauer Amendment was included in the fiscal year 2018 budget passed on March 23, 2018. The Rohrabacher-Blumenauer Amendment was included in the consolidated appropriations bill signed into legislation by President Trump in February 2019. In signing the Rohrabacher-Blumenauer Amendment, President Trump issued a signing statement noting that the Rohrabacher-Blumenauer Amendment "provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories," and further stating "I will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States." On June 20, 2019, the House approved a broader amendment that, in addition to protecting state medical cannabis programs, would also protect state adult use programs. On September 26, 2019, the Senate Appropriations Committee declined to take up the broader amendment but did approve the Rohrabacher-Blumenauer Amendment for the fiscal year 2020 spending bill. On September 27, 2019, the Rohrabacher-Blumenauer Amendment was reviewed as part of a stopgap spending bill, in effect through November 21, 2019. On July 30, 2020, the House passed an amendment, included in a Commerce, Justice, Science (CJS) Appropriations bill, that protects state-legal cannabis businesses from federal intervention by barring the Department of Justice from using taxpayer funds to enforce federal anti-cannabis laws in U.S. states that have legalized medical and/or adult-use cannabis.

Additionally, the Rohrabacher-Blumenauer Amendment may or may not be renewed as part of a subsequent stopgap spending bill or omnibus appropriations package in order to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. If the Rohrabacher-Blumenauer Amendment is not renewed, potential proceedings could involve significant restrictions being imposed upon the Corporation or third parties and divert our attention. Such proceedings could also have a material adverse effect on our business, prospects, revenue, results of operation and financial condition, as well as our reputation, even if such proceedings were concluded successfully in our favor.

In spite of the limited federal legislative protection for the medical cannabis industry, there remains inconsistency between federal and state laws, U.S. federal enforcement practices going forward and the inconsistency between U.S. federal and state laws and regulations present major risks for us.

Regulation of Industrial Hemp in the United States Federally

On December 20, 2018, the Agricultural Improvement Act of 2018 (commonly known as the "**2018 Farm Bill**") was signed into law. The 2018 Farm Bill, among other things, removes industrial hemp and its derivatives, including cannabidiol ("**CBD**"), from the CSA and amends the Agricultural Marketing Act of 1946 to allow for industrial hemp production and sale in the United States. Under the Farm Bill, industrial hemp is defined as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis."

The 2018 Farm Bill did not legalize CBD derived from "marijuana" (as such term is defined in the CSA), which is and remains a Schedule I controlled substance under the CSA. The U.S. Department of Agriculture ("**USDA**") is responsible for promulgating regulations under the 2018 Farm Bill. Pursuant to the 2018 Farm Bill, U.S. territories and tribal governments may adopt their own regulatory plans for hemp production even if more restrictive than federal regulations so long as they meet minimum federal standards approved by the USDA. Those territories or tribal governments which choose not to adopt their own hemp production regulations will be governed by USDA regulations.

On October 31, 2019, the USDA issued an interim final ruling governing domestic production of hemp under the 2018 Farm Bill which establishes the U.S. Domestic Hemp Production Program and opened a 60-day public comment period. The interim rule will be effective through November 1, 2021, when the USDA may adopt

permanent regulations. The interim rules outline various USDA requirements for state and tribal hemp programs and provide for a process of state/tribal hemp production plan submission and USDA approval/rejection within 60 days of such submission. There can be no assurances regarding any plan's acceptance, and the final rulemaking may potentially be delayed.

The 2018 Farm Bill also preserved the U.S. Food and Drug Administration's ("**FDA**") authority to the introduction of hemp and compounds derived from it, such as CBD, in foods, beverages, cosmetics, and dietary supplements. The FDA could engage in rulemaking on this subject but has not done so and there can be no assurances on the timing or content of such rulemaking.

The Regulatory Landscape on a U.S. State Level

Illinois

The table below lists the licenses beneficially owned by the Corporation.

Holding Entity	Percentage Owned by Holding Entity	License Number	City	Expiry Date	Description
IL Grown Medicine, LLC	100%	1504160768	Elk Grove	March 31, 2021	Cultivation
Harborside Illinois Grown Medicine, LLC	100%	DISP.000053	Chicago	June 8, 2021	Dispensary (allowing for the operation of 2 dispensaries)

Legislative History

The Compassionate Use of Medical Cannabis Pilot Program Act (the "**IL Act**") was signed into law in August 2013 and took effect on January 1, 2014. The IL Act provides medical cannabis access to registered patients who suffer from a list of over 50 medical conditions including seizures (including those characteristic of Epilepsy), cancer, HIV/AIDS, Crohn's disease and post-traumatic stress disorder. On August 28, 2018, then-Governor Bruce Rauner signed into law Senate Bill 336, the Alternative to Opioids Act, which expanded Illinois' medical marijuana program by allowing patients prescribed opioids to access the medical marijuana program.

On June 25, 2019, Governor J.B. Pritzker signed into law HB 1438, the Cannabis Regulation and Tax Act ("**CRTA**"). CRTA legalizes the cultivation and sale of cannabis for recreational use by people 21 and older. While the bill took effect immediately, many of its provisions did not take effect until January 1, 2020, a date which marked the beginning of the state's adult-use program.

The CRTA authorizes Illinois residents 21 years of age or older to possess 30 gram of cannabis flower, up to 500 milligrams of THC in a cannabis-infused product, and 5 grams of cannabis concentrate. Out of state residents are allowed to possess ½ of the above amounts. In addition to legalizing possession and use for adults, it expands the current medical cannabis licensing system, includes automatic expungement for certain cannabis offenses, adds the ability for medical patients to grow cannabis at home, and offers significant benefits to communities hit hardest by inequities that were part of the war on drugs.

This legislation triggered the eligibility of expungement of around 770,000 records of cannabis possession under 30 grams.

Licenses

Oversight and implementation of the IL Act and CRTA are divided among three Illinois state departments: the Department of Public Health (the "**IL DPH**"), the Department of Agriculture (the "**IL DOA**"), and the Department of Financial and Professional Regulation (the "**IDFPR**").

The IL DPH oversees the following IL Act mandates: (a) establish and maintain a confidential registry of caregivers and qualifying patients authorized to engage in the medical use of cannabis, (b) distribute educational materials about the health risks associated with the abuse of cannabis and prescription medications, (c) adopt rules to administer the patient and caregiver registration program, and (d) adopt rules establishing food handling requirements for cannabis-infused products that are prepared for human consumption.

It is the responsibility of the IL DOA to administer and enforce provisions of the IL Act and the CRTA Act relating to the oversight and registration of cultivation centers, craft growers, infusers, transporters, and agents, including the issuance of identification cards and establishing limits on potency or serving size for cannabis or cannabis products.

The IDFPR enforces the provisions of the CRTA & IL Act relating to the registration and oversight of dispensing organizations.

Illinois has issued a limited amount of dispensary, producer/grower, and production licenses.

Under the IL Act, dispensary, grower, and production licenses are valid for one year. After the initial term, licensees are required to submit renewal applications. Pursuant to the IL Act, registration renewal applications must be received 45 days prior to expiration and may be denied if the licensee has a history of non-compliance and penalties.

The CRTA created application processes for Transporter, Craft Grower, and Infuser licensees. Applications for these licenses were due to the IL DOA in April of 2020.

Under the CRTA, all cannabis business licenses, and agent cards must be renewed annually. Similar to the IL Act, after the initial term, licensees are required to submit renewal applications. Registration renewal applications must be received 45 days prior to expiration and may be denied if the licensee has a history of non-compliance and penalties.

Under the CRTA, cultivation centers may grow cannabis, extract cannabis concentrates and infuse cannabis into products. All cannabis plants in a cultivation center must be grown in an enclosed place. The enclosure must be lockable and only licensed agents will have access to this area.

All products grown and made in cultivation centers will be sold solely to dispensing organizations, craft growers, or infusers. The Act also states that if there is a shortage of cannabis supply, priority must be given to medical patient supplies. When it comes to pricing, the same price should apply for all buyers, the cultivation centers are prohibited from discrimination.

Like other states that authorize certain cannabis-related activities, Illinois has detailed statutory and regulatory requirements that govern all facets of cannabis businesses related to, among other things, recordkeeping (*e.g.*, track and trace), reporting, transportation, advertising, security, inventory, growing, processing, testing, packaging, labeling, dispensing, and storage.

Massachusetts

The table below lists the licenses owned by 4Front subsidiaries:

Holding Entity	Percentage Owned by Holding Entity	License Number	City	Expiration Date	Description
Healthy Pharms	100%	RMD-285-C RMD285-P RMD285-R MC281631 MP281450 MR281754	Georgetown	March 12, 2021	Collocated Cultivation/Production /Dispensary
Mission MA, Inc.	100%	MC281288 MO281312 MR281259 RMD1125-C RMD1125-P RMD1125-R	Worcester	October 21, 2021	Collocated Cultivation/Dispensary

Legislative History

The Massachusetts Medical Use of Cannabis Program (the "**MA Program**") was established pursuant to the Act for the Humanitarian Medical Use of Cannabis (the "**MA ACT**"). The MA Program allows registered persons to purchase medical cannabis and applies to any patient, personal caregiver, Registered Cannabis Dispensary (each, a "**RMD**"), and RMD agent that qualifies and registers under the MA Program. To qualify, patients must suffer from a debilitating condition as defined by the MA Program. Currently there are fourteen medical conditions that allow a patient to acquire cannabis in Massachusetts, including AIDS/HIV, ALS, cancer and Crohn's disease. As of March 31st, 2020, 69,008 patients have been registered to purchase medical cannabis products in Massachusetts. The MA Program was previously administrated by the Department of Public Health, Bureau of Health Care Safety and Quality. On December 23, 2018 administration of the MA Program was transferred to the Cannabis Control Commission (the "**MA CCC**").

In November 2016, Massachusetts voted affirmatively on a ballot petition to legalize and regulate cannabis for adult recreational use. The Massachusetts legislature amended the law on December 28, 2016, delaying the date recreational cannabis sales would begin by six months. The delay allowed the legislature to clarify how municipal land-use regulations would treat the cultivation of cannabis and authorized a study of related issues. After further debate, the state House of Representatives and state Senate approved H.3818 which became Chapter 55 of the Acts of 2017, An Act to Ensure Safe Access to Cannabis, and established the MA CCC.

The MA CCC consists of five commissioners and regulates licensees that operate in the legal adult- and medical-use cannabis markets in Massachusetts. This includes reviewing applications and issuing licenses for adult-use Cannabis Establishments (**ME's**) and Medical Cannabis Treatment Centers (**MTC's**), formerly known as Registered Cannabis Dispensaries (**RMD's**).

Adult recreational use of cannabis in Massachusetts was legalized in July 2018. As of June 1st, 2020, there were 172 retailers, 129 cultivation centers, 101 product manufacturers, and three testing facilities that had been authorized to commence operations in Massachusetts.

Licenses

The MA Cannabis program mandates that all businesses that seek to enter the adult- and medical-use markets as licensees must complete several steps prior to commencing full operations. Each section of the application requires applicants to provide accurate information about the business, individuals & entities associated with the business

and to demonstrate understanding of, and plans to comply with, the Commission's regulations that are specific to the applicant's license type, location, and scale.

A Medical Cannabis Treatment Center, commonly referred to as an MTC, is an entity licensed under the medical regulations. An MTC cultivates, processes, acquires, transports, distributes and dispenses, products containing cannabis or cannabis, related supplies, or educational materials to registered qualifying patients or their personal caregivers for medical use. MTCs may deliver cannabis and cannabis products directly to patients and caregivers after receiving Commission approval.

A Cannabis Cultivator may cultivate, process, and package cannabis, to transfer cannabis to other MEs, but not to consumers. Cultivators must select what tier they will be in by determining the total canopy they will cultivate.

A Cannabis Retailer is an entity authorized to purchase and transport cannabis and cannabis products from other MEs, and to sell or otherwise transfer cannabis and cannabis products to other MEs and to consumers. A Cannabis Retailer provides a retail location which may be accessed by consumers 21 years of age or older or, if the retailer is co-located with an MTC, by individuals who are also registered qualifying patients or personal caregivers.

Each license type is valid for one year and must be renewed no later than 60 calendar days prior to expiration. As in other states where cannabis is legal, the MA CCC can deny or revoke licenses and renewals for multiple reasons.

Like other states that authorize certain cannabis-related activities, Massachusetts has detailed statutory and regulatory requirements that govern all facets of cannabis businesses related to, among other things, recordkeeping (*e.g.*, track and trace), reporting, transportation, advertising, security, inventory, growing, processing, testing, packaging, labeling, dispensing, and storage.

Michigan

Holding Entity	Percentage Owned by Holding Entity	License Number	City	Expiration Date	Description
Om of Medicine, LLC	100%	AU-R-000133	Ann Arbor	December 17, 2020	Co-located Adult-Use Dispensary
Om of Medicine, LLC	100%	PC-000123	Ann Arbor	September 10, 2021	Co-located Medical Provisioning Center (Dispensary)

Legislative History

In 2008, the Michigan Compassionate Care Initiative established a medical cannabis program for serious and terminally ill patients. It was approved by the House but not acted upon, and defaulted to a public initiative on the November ballot. Proposal 1 was approved by 63% of voters on November 8, 2008. Proposal 1 was then written into law and approved by Michigan's lawmakers in December 2008. The resulting act became the Michigan Medical Cannabis Act ("**MMM Act**").

In 2016, the Michigan legislature passed two new acts and also amended the original MMM Act. The first act establishes a licensing and regulation framework for medical cannabis growers, processors, secure transporters, provisioning centers, and safety compliance facilities. The second act establishes a "seed-to-sale" system to track cannabis that is grown, processed, transferred, stored, or disposed of under the Medical Cannabis Facilities Licensing Act.

The Bureau of Medical Cannabis Regulation is responsible for the oversight of medical cannabis in Michigan and consists of the Medical Cannabis Facility Licensing Division and the Michigan Medical Cannabis Program Division. The MMM Act provides access to state residents to cannabis and cannabis related products under one of several debilitating conditions, including epilepsy, cancer, HIV/AIDS, cancer and PTSD. In July 2018 the Medical Cannabis

Facility Licensing Division approved 11 additional conditions to the list of aliments to qualify for medical cannabis. The additional 11 include chronic pain, colitis and spinal cord injury.

Recreational cannabis was legalized by ballot initiative, Proposition 1, in November 2018. The initiative mandates that the Michigan Department of Licensing and Regulatory Affairs ("**LARA**") also known as the Cannabis Regulatory Agency ("**MRA**"), began accepting applications for retail stores December 2019. The initial application period will be limited to existing medical cannabis license holders.

Proposition 1 allows adults 21 years of age and older to use cannabis recreationally and grow up to 12 plants, sets a 10-ounce limit for cannabis stored in residences (quantities over 2.5 ounces must be kept in a locked container), and establishes a state licensing system for cannabis businesses. A 10 percent tax is imposed on all cannabis sales, which are directed towards education, transportation infrastructure, and local governments. It also changes violations from crimes to civil infractions.

The Emergency Rules for Adult-Use Marijuana Establishments promulgated on July 3, 2019 allow a person to obtain equivalent licenses and – when those equivalent licenses have common ownership – to operate those equivalent licenses at the same location. On April 8, 2020, MRA issued an advisory bulletin regarding transfer of marijuana between equivalent licenses. Per the bulletin, beginning on December 1, 2019, MRA restricted certain transfers from/to growers, processors, and provisioning centers.

Licensing

Licensees are required to provide the following in their facility plan: type of cannabis facility, location, description of municipality; diagram of the cannabis facility; floor plan and layout; means of egress, including delivery and transfer points; construction details; building structure information; zoning classifications; and a proposed security plan.

Any combination of a (a) grower, (b) processor, or (c) dispensary ("**provisioning center**") may operate as separate cannabis facilities at the same location. All local municipal ordinances that may limit the type or number of cannabis facilities will apply. Each license will be required to have separate entrances and exits, inventory, record keeping, and point of sale operations, if applicable. A cannabis facility operating at a same location under this rule with multiple state operating licenses may transfer cannabis product or money between facilities authorized to operate at the same location as long as certain conditions are met, including with regard to common ownership, an employee at each facility monitoring and executing transfers, manifests in the statewide monitoring system being created, and receipt of transfer being recorded in the statewide system.

The Department and the Board cannot limit the number of licenses issued. The number of licenses issued will be based on the local municipality. The local municipalities may limit the type and number of facilities authorized within its boundaries.

Like other states that authorize certain cannabis-related activities, Michigan has detailed statutory and regulatory requirements that govern all facets of cannabis businesses related to, among other things, recordkeeping (*e.g.*, track and trace), reporting, transportation, advertising, security, inventory, growing, processing, testing, packaging, labeling, dispensing, and storage.

Washington

Brightleaf Development LLC ("**Brightleaf"**) and Ag Grow are landlords, packaging and equipment suppliers, and consultants to multiple Washington licensees. The Corporation does not have a direct ownership interest in any Washington licensees.

Legislative History

Washington has authorized the cultivation (sometimes referred to in Washington as production), possession, processing, wholesaling, retail sale, and transportation of cannabis by certain licensed Washington businesses. The Washington State Liquor and Cannabis Board ("**WSLCB**") regulates Washington's cannabis regulatory program. Brightleaf is advised by legal counsel and/or other advisors in connection with Washington's cannabis regulatory program. Brightleaf only engages in transactions with Washington cannabis businesses that hold licenses that are in

good standing and in compliance with Washington's cannabis regulatory program. To the extent required by Washington's cannabis regulatory program, Brightleaf has fully disclosed and/or registered its and/or its subsidiaries relationships with Washington cannabis businesses. Brightleaf and Brightleaf's Subsidiaries, REP, FHD and Ag-Grow and the business licensees contracting with such subsidiaries, including such contracting between Brightleaf, its subsidiaries and each of NWCS and 7Point, are in substantial compliance with Washington's cannabis regulatory program, other than the administrative violation notices received by NWCS. See "*Risk Factors - State regulatory regimes in which the Corporation, and its counterparties, operate are complex and there may be severe penalties for noncompliance*".

Licenses

Every individual with an ownership or equity interest, with a right to receive a percentage of gross or net profits, or who exercises control over a licensed cannabis operator must apply for licensing with the WSLCB and be approved. Each applicant must be over 21 years of age and a Washington resident.

An applicant must provide the WSLCB with the applicant's organizational and operational documents, including the entity's operating agreement and a detailed operating plan, in order to verify that the proposed business meets the minimum requirements for licensing.

An applicant must provide the WSLCB the applicant's financial statements to verify the source of funds for the business, including any acquisition agreements and any agreements for the development of an operating cannabis business, as well as financial documents verifying the source of funds for all purchases of and material changes to the business. An applicant must disclose any financiers which are providing funds to be used by the cannabis business, and such financiers, except banks and other financial institutions, are subject to a substantially similar application process through the WSCLB. An applicant must provide the WSLCB the applicant's and the applicant's spouse's personal and criminal history, including fingerprints for the submission of a criminal records background check with the Washington State Patrol and the U.S. Federal Bureau of Investigation. Conviction for certain serious crimes, or over a certain amount of convictions for more minor crimes, may disqualify an applicant from holding a cannabis license.

Any change in the initial ownership of a cannabis entity must receive prior approval through the WSLCB and undergoes a review of the same rigor and breadth as an initial application.

Like other states that authorize certain cannabis-related activities, Washington has detailed statutory and regulatory requirements that govern all facets of cannabis businesses related to, among other things, recordkeeping (*e.g.*, track and trace), reporting, transportation, advertising, security, inventory, growing, processing, testing, packaging, labeling, dispensing, and storage.

California

The Corporation owns Pure Ratios Holdings, Inc., which is indirectly involved in the California licensed cannabis industry because of its occasional engagement of licensed cannabis entities to contract manufacture certain products which contain THC. The Corporation also owns a subsidiary in California which possesses a temporary license for the distribution and processing of cannabis but is not yet operational:

Holding Entity	Percentage Owned by Holding Entity	License Number	City	Expiration Date	Description
Cannex Holdings (California), Inc	100%	CDPH-10002723 & C11-0000825-LIC	Commerce	4/23/2021 & 7/16/2021	Production and Distribution

These licenses will be used to operate the Commerce Facility. The Corporation expects to recommence construction within 60 days of the completion of the Offering. See "*Use of Proceeds*".

Legislative History

In 1996, California voters passed Proposition 215, the Compassionate Use Act allowing physicians to legally recommend medical cannabis for patients who would benefit from cannabis. The Compassionate Use Act legalized the use, possession and cultivation of medical cannabis for a set of qualifying conditions including AIDS, anorexia, arthritis, cachexia, cancer and chronic pain. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses that emerged as a result.

In September 2015, the California legislature passed three bills, collectively known as the "Medical Cannabis Regulation and Safety Act". The Medical Cannabis Regulation and Safety Act established a licensing and regulatory framework for the medical cannabis businesses in California. Multiple agencies oversee different aspects of the program and require businesses obtain a state license and local approval to operate.

In November 2016, voters in California passed Proposition 64, the Adult Use of Cannabis Act ("**AUMA**") creating an adult-use cannabis program for individuals 21 years of age or older. AUMA contained conflicting provisions with the Medical Cannabis Regulation and Safety Act. Consequently, in June 2017, the California State Legislature passed Senate Bill No. 94, known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which combined the Medical Cannabis Regulation and Safety Act and AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses. The three agencies that regulate cannabis at the state level are: (a) the California Department of Food and Agriculture, via CalCannabis, which issues licenses to cannabis cultivators, (b) the California Department of Public Health, via the Manufactured Cannabis Safety Branch, which issues licenses to cannabis manufacturers and (c) the California Department of Consumer Affairs, via the Bureau of Cannabis Control, which issues licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses.

To legally operate a medical or adult-use cannabis business in California, the operator must have both local approval and a state license. This requires license holders to operate in localities with cannabis licensing and approval programs. Municipalities in California are authorized to determine the number of licenses they will issue to cannabis operators, or can choose to outright ban the cultivation, manufacturing or the retail sale of cannabis. MAUCRSA went into effect on January 1, 2018.

On June 6, 2018, a proposal by the California Department of Consumer Affairs, the California Department of Public Health and the California Department of Food and Agriculture to re-adopt their emergency cannabis regulations went into effect. Among the changes, applicants may now complete one license application, allowing for both medical and adult use cannabis activity. On January 16, 2019, the California Department of Consumer Affairs, the California Department of Public Health and the California Department of Food and Agriculture approved the state regulations for cannabis businesses across the supply chain. These new regulations became effective immediately and superseded the emergency cannabis regulations that California had previously enacted.

Licenses (Pipeline)

There are three principal license categories in California: (1) cultivation, (2) processing and (3) retailer. License holders are held to strict license renewal application requirements.

Cultivation licenses permit commercial cannabis cultivation activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis. Such licenses further permit the production, labeling and packaging of a limited number of non-manufactured cannabis products and permit the licensee to sell cannabis to certain licensed entities (both medical and adult use licensees) within the State of California for resale or manufacturing purposes.

Processing licenses authorize manufacturers to process marijuana biomass into certain value-added products with the use of volatile or non-volatile solvents, depending on the license type.

Retailer licenses permit the sale of cannabis and cannabis products to both medical patients and adult use customers. Only certified physicians may provide medicinal marijuana recommendations. An adult use retailer license permits the sale of cannabis and cannabis products to any adult 21 years of age or older. It does not require the individual to possess a physician's recommendation. Under the terms of such licenses, the holder is permitted to sell adult use cannabis and cannabis products to any person, provided the local jurisdiction permits the sale of adult use cannabis

and the person presents a valid government-issued photo identification demonstrating that they are 21 years of age or older.

Like other states that authorize certain cannabis-related activities, California has detailed statutory and regulatory requirements that govern all facets of cannabis businesses related to, among other things, recordkeeping (*e.g.*, track and trace), reporting, transportation, advertising, security, inventory, growing, processing, testing, packaging, labeling, dispensing, and storage.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of the Corporation since the date of the Interim Financial Statements except for:

(a) the issuance of 1,500,000 options to purchase Subordinate Voting Shares granted on July 31, 2020 with an expiry date of July 31, 2025;

(b) the issuance of 750,000 Subordinate Voting Shares on the exercise of compensation warrants issued in connection with the Business Combination (the "**Compensation Warrants**") for aggregate gross proceeds of US$397,500 on August 20, 2020;

(c) the issuance of 889,756 Subordinate Voting Shares on the exercise of Compensation Warrants for aggregate gross proceeds of $470,712 on September 21, 2020;

(d) the issuance of 8,315,960 options to purchase Subordinate Voting Shares on September 15, 2020 with an expiry date of September 15, 2025;

(e) the issuance of 3,000,000 options to purchase Subordinate Voting Shares on October 2, 2020 with an expiry date of October 2, 2025;

(f) the issuance of 1,125,000 warrants to purchase Subordinate Voting Shares with an exercise price of $0.80 per warrant on October 6, 2020;

(g) the issuance of 3,551,040 Subordinate Voting Shares to Compassion Health of Massachusetts, LLC ("**CHM**") as consideration for CHM's interest in and to 190 class A units of 4Front Management Associates, LLC and 190 class A units of MMA Capital LLC on October 9, 2020; and

(h) the issuance of 44,355,840 Subordinate Voting Shares in the aggregate on the conversion of 554,448 Subordinate Proportionate Voting Shares in the aggregate from July 1, 2020 to the date hereof.

The Corporation issued by way of private placement secured and unsecured convertible notes in the aggregate principal amount of US$5,826,674.28 secured convertible notes and US$13,549,359.19 unsecured convertible notes in four tranches between May 14, 2020 and July 24, 2020.

After giving effect to the Offering (assuming no exercise of the Over-Allotment Option), there will be a total of 381,147,867 Subordinate Voting Shares, 10,715,000 Warrants, and 1,285,800 Compensation Options issued and outstanding. After giving effect to the Offering (assuming the full exercise of the Over-Allotment Option), there will be a total of 384,362,367 Subordinate Voting Shares, 12,322,250 Warrants and 1,478,670 Compensation Options issued and outstanding.

The Offering will not lead to any changes in the share or loan capital of the Corporation other than as described in the preceding paragraph.

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering (assuming no exercise of the Over-Allotment Option) are estimated to be approximately $14,100,940 (after deducting the Underwriters' Fee of $900,060 but before deducting the expenses of the Offering estimated to be approximately $400,000).

The net proceeds of the Offering are currently intended to be used as outlined below:

Use	Allocation of Net Proceeds
Construction of Commerce Facility (as defined below)	**$10,000,000**
General corporate and other working capital purposes	**$4,100,900**
Total	**$14,100,9400**

If the Over-Allotment Option is exercised in full for Over-Allotment Units, the net proceeds to the Corporation from the Offering is estimated to be $16,216,081 (determined after deducting the Underwriters' Fee but before deducting expenses related to the Offering estimated at $1,035,069). The net proceeds from the exercise of the Over-Allotment Option, if any, are expected to be used for general corporate and other working capital purposes.

The Corporation has allocated $10,000,000 of the net proceeds from the Offering for the construction and completion of its 185,000 square foot production facility that is located in Commerce, California (the "**Commerce Facility**"). The Corporation intends to produce derived cannabis products at the Commerce Facility, including edibles, vapes, tinctures, capsules as well as other such products. The Corporation currently possesses the necessary licenses to operate the Commerce Facility. See "*Description of The U.S. Legal Cannabis Industry - California*".

The Corporation anticipates that construction costs will be approximately $8,300,000 and equipment costs will be approximately $1,700,000.

The timeline for completion of the construction of Commerce Facility is approximately four months from the date construction is commenced, which is expected to be within 60 days following the completion of the Offering. The Corporation anticipates completing construction in and opening the Commerce Facility for production and sales commencing in Q2 2021.

Concurrent with the construction of the Commerce Facility, the Corporation will endeavor to source raw material for production. Prior to completion of construction the Corporation will endeavor to secure such raw material and enter into supply agreements with such suppliers. Additionally, the Corporation will seek to engage distributors located in California to distribute products produced in the state of California at the Commerce Facility.

Funds allocated to working capital and general corporate purposes are anticipated to be used to pay for the fees and expenses of the Offering, currently estimated to be approximately $400,000. The Corporation will utilize a portion of its cash on hand to pay for a portion of such fees and expenses should the total amount of fees and expenses exceed the funds that have been allocated to this purpose.

The Corporation generated negative cash flow in its most recently completed fiscal year. Despite this, the Corporation does not intend to use the proceeds from this Offering to fund any anticipated negative cash flow.

The Corporation's current working capital (deficiency) amount as at September 30, 2020, being the most recent month end prior to the date of this Prospectus, is US$18,199,446.00 Currently, the Corporation is generating approximately US$500,000 per month in positive cash flow before capital expenditures.

While the Corporation currently anticipates that it will use the net proceeds of the Offering as set forth above, the Corporation may re-allocate the net proceeds of the Offering from time to time, giving consideration to its strategy

relative to the market, development and changes in the industry and regulatory landscape, as well as other conditions relevant at the applicable time. It is anticipated that the net proceeds from the Offering will be expended within 12 to 18 months following the completion of the Offering. Until utilized, the net proceeds of the Offering will be held in cash balances in the Corporation's bank accounts or invested at the discretion of management. Management will have discretion concerning the use of the net proceeds of the Offering, as well as the timing of their expenditure. See "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*".

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell and the Underwriters have severally (and not jointly nor jointly and severally) agreed to purchase, as principals, on the Closing Date, 21,430,000 Units at the Offering Price, for aggregate gross consideration of $15,001,000, payable in cash to the Corporation against delivery of the Units, subject to the terms and conditions of the Underwriting Agreement. The Offering Price was determined by arm's length negotiation between the Corporation and Beacon Securities Limited, on behalf of the Underwriters, with reference to the prevailing market price of the SVS. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint nor joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of "material adverse change out", "disaster out", "regulatory proceedings out, "restrictions on distribution out", and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. Each Underwriter is, however, obligated to take up and pay for all of the Units it has agreed to purchase if it purchases any Units under the Underwriting Agreement.

Each Unit will consist of one Unit Share and one-half of one Warrant. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of $0.90 for a period of 24 months following the Closing Date. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events. No fractional Warrants Shares will be issued. See "*Description of Securities Being Distributed — Warrants*".

The Underwriters have been granted an Over-Allotment Option, exercisable, in whole or in part, at any time, and from time to time, on or before the Over-Allotment Deadline, to purchase up to an additional 3,214,500 Over-Allotment Units at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised to acquire: (i) up to 3,214,500 Over-Allotment Units at the Offering Price; (ii) up to 3,214,500 Over-Allotment Shares at the Over-Allotment Share Price; (iii) up to 1,607,250 Over-Allotment Warrants at the Over-Allotment Warrant Price; or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares that may be issued under such Over-Allotment Option does not exceed 3,214,500 and the aggregate number of Over-Allotment Warrants that may be issued under such Over-Allotment Option does not exceed 1,607,250. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Corporation prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased and the date for the purchase of such securities. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities (including, but not limited to Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants) forming part of the Underwriters' over-allocation position acquires those securities under the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Corporation has agreed to pay the Underwriters the Underwriters' Fee equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option). As additional compensation, the Underwriters will be issued Compensation Options entitling the Underwriters to purchase that number of Compensation Option Shares equal to 6% of the number of Units sold pursuant to the Offering (including any additional Units sold pursuant to the Over-Allotment Option) at a price of $0.70 per Compensation Option Share for a period of 24 months from the Closing Date. This Prospectus qualifies the distribution of the Compensation Options to the Underwriters.

The Offering is being made in each of the provinces of Canada except Quebec. The Units will be offered in each of the relevant provinces of Canada through those Underwriters or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Units in the United States and such other jurisdictions outside of Canada and the United States as agreed between the Corporation and the Underwriters.

The Corporation has given notice to the CSE to list the Unit Shares, the Warrants, the Warrant Shares and the Compensation Option Shares on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE. There is currently no market through which the Warrants may be sold. See "*Risk Factors*".

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

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

Each Underwriter has agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable U.S. federal and state securities laws, it will not offer or sell the Units at any time to, or for the account or benefit of, any person in the United States or any U.S. Person as part of its distribution. The Underwriting Agreement permits the Underwriters to re-offer and re-sell the Units that they have acquired pursuant to the Underwriting Agreement to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) that are, or are acting for the account or benefit of, a person in the United States or a U.S. Person in compliance with Rule 144A under the U.S. Securities Act and or to arrange for substituted purchasers for the Units to U.S. Accredited Investors that are, or are acting for the account or benefit of, a person in the United States or a U.S. Person, in compliance with Rule 506(b) of Regulation D under the U.S. Securities Act (and pursuant to similar exemptions under applicable state securities laws). Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Units outside the United States to non-U.S. Persons only in accordance with Regulation S under the U.S. Securities Act. The Units, and the Unit Shares and the Warrants comprising the Units, that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Warrant Shares issued upon the exercise of such Warrants, will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person unless registered under the U.S. Securities Act or an exemption from such registration is available, and will bear a legend stating such. Certificates representing the Warrant Shares will not be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Corporation has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Corporation. A holder who is a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act) or an "accredited investor" (as defined in Rule 501 under the U.S. Securities Act) at the time of exercise of the Warrants who purchased Units in the Offering to, or for the account or benefit of, persons in the United States or U.S. Persons will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units to, or for the account or benefit of, a person in the United States or a U.S. Person. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units, Unit Shares or Warrants within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S.

Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about November 12, 2020, or such other date as may be agreed upon by the Corporation and the Underwriters, but in any event not later than 42 days after the date of the receipt for the (final) short form prospectus. It is anticipated that the Unit Shares and Warrants comprising the Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form, or will otherwise be delivered to the Underwriters registered as directed by the Underwriters, on the Closing Date. Except in limited circumstances, a purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Unit Shares and Warrants on behalf of owners who have purchased Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required.

Pursuant to the terms of the Underwriting Agreement, the Corporation has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters, their affiliates and their respective directors, officers, employees, partners agents and shareholders against certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

The Underwriters have agreed that they will not offer or sell the Units, Unit Shares or Warrants within the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person: (i) as part of their distribution; or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date or date of closing of the Over-Allotment Option (as applicable) (the "**Distribution Compliance Period**"), except in either case in accordance with Regulation S under the U.S. Securities Act, pursuant to registration under the U.S. Securities Act, or pursuant to an available exemption from the registration requirements of the U.S. Securities Act. In addition, an Underwriter or U.S. broker-dealer selling Units, Unit Shares or Warrants to a distributor (as defined in Regulation S under the U.S. Securities Act), dealer (as defined in Rule 2(a)(12) of the U.S. Securities Act), or other person receiving a selling concession, fee or other remuneration in respect of the Units, Unit Shares or Warrants, during the Distribution Compliance Period, must send to such persons a confirmation or other notice setting forth the above-noted restrictions on offers and sales of Units, Unit Shares or Warrants until the expiration of the Distribution Compliance Period.

Price Stabilization, Short Positions, and Passive Market Making

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Subordinate Voting Shares. The foregoing restriction is subject to certain exceptions including: (i) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriters may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the CSE, in the over-the-counter market or otherwise.

In connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or slowing a decline in the market price of the Subordinate Voting Shares while the Offering is in progress. The Underwriters may engage in activities such as, but not limited to: (i) stabilizing transactions that permit bids to purchase Subordinate Voting Shares so long as the stabilizing bids do not exceed a specified maximum: (ii) over-allotment transactions that involve sales by the Underwriters of Subordinate Voting Shares in excess of the number of Units the Underwriters are obligated to purchase, which creates a syndicate short position, which position the Underwriters may close out by purchasing Subordinate Voting Shares in the open market: and (iii) penalty bids that permit the representatives to reclaim a selling concession from a syndicate member when the Units originally sold by the syndicate member are

purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions. As a result of these activities, the price of the Subordinate Voting Shares may be higher than the price that otherwise might exist in the open market.

Standstill and Lock-up Arrangements

Pursuant to the Underwriting Agreement, the Corporation has agreed that until the date which is 90 days after the Closing Date, it will not, without the written consent of the Underwriters, such consent not to be unreasonably withheld, directly or indirectly offer, issue, pledge, sell, contract to sell, announce an intention to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any Subordinate Voting Shares or securities convertible into or exchangeable for Subordinate Voting Shares, other than: (i) the exercise of the Over-Allotment Option; (ii) the issuance of Subordinate Voting Shares in connection with the exercise of any currently outstanding options or warrants or other securities convertible into Subordinate Voting Shares of the Company, (iii) the issuance of options to acquire Subordinate Voting Shares pursuant to the Corporation stock option plan or other compensation arrangements in place prior to the date hereof; and (iv) to satisfy any other currently outstanding instruments or other contractual commitments in relation to any transaction, including pursuant to arm's length corporate and/or asset acquisitions agreed to by the Corporation prior to date hereof, in each case, that have been previously disclosed in writing to the Underwriters.

Additionally, pursuant to the Underwriting Agreement, each officer, director and principal shareholder of the Corporation will enter into lock-up agreements pursuant to which such persons will not, directly or indirectly, offer, sell, dispose of or otherwise monetize the economic value of any securities in the Corporation beneficially owned by such shareholder, without the prior written consent of Beacon Securities Limited, subject to the following exceptions: (i) if the Corporation receives an offer, which has not been withdrawn, to enter into a transaction or arrangement, or proposed transaction or arrangement, pursuant to which, if entered into or completed substantially in accordance with its terms, a party could, directly or indirectly acquire an interest (including an economic interest) in, or become the holder of, 100% of the total number of Subordinate Voting Shares, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buyback, securities issue, reverse takeover, dual-listed company structure or other synthetic merger, transaction or arrangement; (ii) in respect of sales to affiliates of such shareholder; and (iii) as a result of the death of any individual shareholder. The definitive terms of such lock-up agreement shall be negotiated between the Corporation and Beacon Securities Limited in good faith and contain customary provisions.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Offering

The Offering consists of Units, each of which is comprised of one Unit Share and one-half of one Warrant. The Units will separate into Unit Shares and Warrants immediately upon the closing of the Offering. The Units are offered at the Offering Price of $0.70 per Unit. This Prospectus qualifies the distribution of the Units, including the Unit Shares and the Warrants, and the distribution of the Compensation Options.

Subordinate Voting Shares

The Corporation's authorized share capital consists of an unlimited number of Subordinate Voting Shares without par value, of which 359,717,867 Subordinate Voting Shares are issued and outstanding as at the date hereof, 564,084,956 Subordinate Voting Shares on a fully diluted basis, assuming the conversion of all of the issued and outstanding Subordinate Proportionate Voting Shares into Subordinate Voting Shares, exercise of all outstanding options and warrants.

Holders of Subordinate Voting Shares are entitled to notice of and to attend and vote at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held.

As long as any Subordinate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, alter or amend the articles of the Corporation if the result of such alteration or amendment would (i) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares or (ii) affect the rights or special rights of the holders of Subordinate Voting Shares, Subordinate Proportionate Voting Shares or Multiple Voting Shares on a per share basis.

Holders of Subordinate Voting Shares are entitled to receive as and when declared by the directors of the Corporation, dividends in cash or property of the Corporation. No dividend will be declared on the Subordinate Voting Shares unless the Corporation simultaneously declares equivalent dividends on (i) the Subordinate Proportionate Voting Shares in an amount per Subordinate Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 80, and (ii) the Multiple Voting Shares in an amount per Multiple Voting Shares equal to the amount of the dividend declared per Subordinate Voting Share.

The Board may declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, but only if the Board simultaneously declares a stock dividend payable in: (a) (i) Subordinate Proportionate Voting Shares on the Subordinate Proportionate Voting Shares, in a number of shares per Subordinate Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share; or (ii) Subordinate Voting Shares on the Subordinate Proportionate Voting Shares, in a number of shares per Subordinate Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 80; and (b) (i) Multiple Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, or (ii) Subordinate Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share.

Holders of fractional Subordinate Voting Shares are entitled to receive any dividend declared on the Subordinate Voting Shares in an amount equal to the dividend per Subordinate Voting Share multiplied by the fraction thereof held by such holder.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with all the holders of Subordinate Proportionate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to each of: (i) the amount of such distribution per Subordinate Proportionate Voting Share divided by 80; and (ii) the amount of such distribution per Multiple Voting Share. Each fraction of a Subordinate Voting Share is entitled to the amount calculated by multiplying the fraction by the amount payable per whole Subordinate Voting Share.

No subdivision or consolidation of the Subordinate Voting Shares will occur unless, simultaneously, the Subordinate Proportionate Voting Shares and the Multiple Voting Shares are subdivided or consolidated using the same divisor or multiplier.

For a description of the protections afforded to holders of Subordinate Voting Shares in the event of certain offers, see "*Restricted Security Disclosure - Protections for Holder of Subordinate Voting Shares in the Event of an Offer*".

Warrants

The following is a summary of the principal attributes of the Warrants and certain anticipated provisions of the Warrant Indenture mentioned herein. The summary does not purport to be complete and is qualified in its entirety by the detailed provisions of the Warrant Indenture. A copy of the Warrant Indenture may be obtained on request from the Corporation and will be available electronically at www.sedar.com and reference should be made to the Warrant Indenture for the full text of the attributes of the Warrants.

Each whole Warrant entitles its holder, upon the payment of the exercise price of $0.90, to purchase one Warrant Share for a period of 24 months from the Closing Date. See "*Plan of Distribution*".

The Warrants will be governed by the Warrant Indenture. The Corporation will designate the Warrant Agent, in its Calgary, Alberta office, as agent for the Warrants. Prior to the closing of the Offering, the Corporation may name any other agent with respect to the Warrants.

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

(i) the issuance of Subordinate Voting Shares or securities exchangeable for or convertible into Subordinate Voting Shares to all or substantially all of the holders of Subordinate Voting Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Subordinate Voting Shares upon the exercise of any outstanding warrants or options);

(ii) the subdivision, redivision or change of the Subordinate Voting Shares into a greater number of shares;

(iii) the consolidation, reduction or combination of the Subordinate Voting Shares into a lesser number of shares;

(iv) the issuance to all or substantially all of the holders of Subordinate Voting Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Subordinate Voting Shares, or securities exchangeable for or convertible into Subordinate Voting Shares, at a price per Subordinate Voting Share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Subordinate Voting Shares on such record date; and

(v) the issuance or distribution to all or substantially all of the holders of Subordinate Voting Shares of securities, including rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into Subordinate Voting Shares, any cash, property or assets, or any evidences of indebtedness.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities or other property issuable upon the exercise of the Warrants and/or the exercise price per security upon the occurrence of the following additional events:

(i) the reclassification of the Subordinate Voting Shares;

(ii) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Corporation's outstanding Subordinate Voting Shares or a change of the Subordinate Voting Shares into other shares); or

(iii) the transfer of the Corporation's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth ($^1/_{100}$th) of a Subordinate Voting Share, as the case may be.

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

No fraction of a Warrant Share will be issued upon the exercise of a Warrant and no cash payment will be made in lieu thereof. Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Subordinate Voting Shares.

From time to time, the Corporation and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or

supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are present in person or represented by proxy at least two holders of Warrants representing at least 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll for such resolution, or (2) adopted by an instrument in writing signed by the holders of not less than 66⅔% of the aggregate number of all then outstanding Warrants.

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, unless registered under the U.S. Securities Act or an exemption from such registration is available, and the Warrants and will bear a legend stating such. Certificates representing the Warrant Shares will not be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Corporation has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Corporation. At the time of exercise of the Warrants, the holder of the Warrant will be required to provide certification pursuant to the terms of the Warrants that the holder is not a U.S. person and the Warrant is not being exercised on behalf of a U.S. person, or provide the required opinion of counsel. A holder who is a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act) or an "accredited investor" (as defined in Rule 501 under the U.S. Securities Act) at the time of exercise of the Warrants who purchased Units in the Offering to, or for the account or benefit of, persons in the United States or U.S. Persons will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.

Compensation Options

For their services in connection with the Offering, the Underwriters will receive non-transferrable Compensation Options to purchase an aggregate of 1,285,800 Compensation Option Shares (or 1,478,670 Compensation Option Shares if the Over-Allotment Option is exercised in full) at a price of $0.70 per Compensation Option Share. The Compensation Options shall have a term of 24 months from the Closing Date. The terms to be set out in the certificates representing the Compensation Options will include, among other things, customary provisions for the appropriate adjustment of the number of Compensation Option Shares issuable pursuant to any exercise of the Compensation Options upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Subordinate Voting Shares, any capital reorganization of the Corporation, or any merger, consolidation or amalgamation of the Corporation with another corporation or entity, as well as customary amendment provisions. The Underwriters, as holders of the Compensation Options, will not as such have any voting right or other right attached to Subordinate Voting Shares until and unless the Compensation Options are duly exercised as provided for in the certificates representing the Compensation Options.

Restricted Security Disclosure

The Corporation has outstanding, and proposes to distribute under this prospectus, Subordinate Voting Shares, which are "restricted securities" (as such term is defined in NI 41-101). The Corporation also proposes to distribute under this prospectus the Warrants, which are securities that are exercisable for restricted securities.

As at the date hereof, the Corporation is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Subordinate Proportionate Voting Shares and an unlimited number of Multiple Voting Shares.

After giving effect to the Offering, the following sets out the percentage of aggregate voting rights attached to each class of the Corporation's restricted securities (on a non-diluted basis and, for certainty, prior to the exercise of any Warrants):

	After Giving Effect to Offering & Assuming No Exercise of Over-Allotment Option	After Giving Effect to Offering & Assuming Full Exercise of Over-Allotment Option
Percentage of Voting Rights Attached to Subordinate Voting Shares	24.6%	24.7%
Percentage of Voting Rights Attached to Subordinate Proportionate Voting Shares	9.6%	9.6%

Voting and Meeting Rights of Share Classes

The following is a description of the voting and meeting attendance rights attached to the Subordinate Voting Shares and the voting and meeting attendance rights attached to the Subordinate Proportionate Voting Shares and Multiple Voting Shares, each being a class of securities with voting rights that are greater, on a per security basis, than the voting rights attached to the Subordinate Voting Shares. The Warrants do not have voting rights.

Holders of Subordinate Voting Shares are entitled to notice of and to attend and vote at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held. As long as any Subordinate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, alter or amend the articles of the Corporation if the result of such alteration or amendment would (i) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares or (ii) affect the rights or special rights of the holders of Subordinate Voting Shares, Subordinate Proportionate Voting Shares or Multiple Voting Shares on a per share basis.

Holders of Subordinate Proportionate Voting Shares are entitled to notice of and to attend and vote at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another class or series of shares of the Corporation will have the right to vote. Subject to the terms set out in the articles of the Corporation, at each such meeting, holders of Subordinate Proportionate Voting Shares are entitled to 80 votes in respect of each Subordinate Proportionate Voting Share, and each fraction of a Subordinate Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 80 and rounding the product down to the nearest whole number, at each such meeting. As long as any Subordinate Proportionate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Proportionate Voting Shares and Multiple Voting Shares, voting together, by separate special resolution, alter or amend the articles of the Corporation if the result of such alteration or amendment would (i) prejudice or interfere with any right or special right attached to the Subordinate Proportionate Voting Shares or (ii) affect the rights or special rights of the holders of Subordinate Voting Shares, Subordinate Proportionate Voting Shares or Multiple Voting Shares on a per share basis. Consent of the holders of a majority of the outstanding Subordinate Proportionate Voting Shares and Multiple Voting Shares, voting together, is required for any action that authorizes or creates shares of any class or series having preferences superior to or on a parity with the Subordinate Proportionate Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Subordinate Proportionate Voting Shares will have one vote in respect of each Subordinate Proportionate Voting Share held. At any meeting of holders of Subordinate Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate special resolution, each Subordinate Proportionate Voting Share and Multiple Voting Share will entitle the holder to one vote and each fraction of a Subordinate Proportionate Voting Share or Multiple Voting Share will entitle the holder to the corresponding fraction of one vote.

Holders of Multiple Voting Shares are entitled to notice of and to attend and vote at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another class or series of shares of the Corporation will have the right to vote. Subject to the terms set out in the articles of the Corporation, at each such meeting, holders of Multiple Voting Shares are entitled to 800 votes in respect of each Multiple Voting Share held. Each fraction of a Multiple Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 800 and rounding the product down to the nearest whole number, at each such meeting. As long as any Multiple Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, alter or amend the articles of the Corporation if the result of

such alteration or amendment would (i) prejudice or interfere with any right or special right attached to the Multiple Voting Shares or (ii) affect the rights or special rights of the holders of Subordinate Voting Shares, Subordinate Proportionate Voting Shares or Multiple Voting Shares on a per share basis. Additionally, consent of the holders of a majority of the outstanding Multiple Voting Shares are required for any action that authorizes or creates shares of any class or series having preferences superior to or on a parity with the Multiple Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held. At any meeting of holders of Multiple Voting Shares called to consider such a separate ordinary resolution, each Multiple Voting Share will entitle the holder to one vote and each fraction of a Multiple Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 800 and rounding the product down to the nearest whole number, at each such meeting.

Protections for Holder of Subordinate Voting Shares in the Event of an Offer

Under applicable Canadian securities law, each of an offer to purchase Multiple Voting Shares and an offer to purchase Subordinate Proportionate Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. Therefore, certain protections for the holders of Subordinate Voting Shares in the event of an offer are contained in the articles of the Corporation and others are contained in the Coattail Agreement (as defined below).

If an offer is made to purchase Subordinate Proportionate Voting Shares, and such offer is required pursuant to applicable securities legislation or the rules of any stock exchange on which the Subordinate Proportionate Voting Shares or the Subordinate Voting Shares which may be obtained upon conversion of the Subordinate Proportionate Voting Shares may then be listed, to be made to all or substantially all of the holders of Subordinate Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**") and not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to 0.0125 of the consideration offered per Subordinate Proportionate Voting Share, then each Subordinate Voting Share will become convertible at the option of the holder into Subordinate Proportionate Voting Shares on the basis of 80 Subordinate Voting Shares for one Subordinate Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**").

The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Subordinate Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Corporation will procure that the transfer agent for the Subordinate Voting Shares will deposit under such Offer the Subordinate Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

If Subordinate Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Subordinate Proportionate Voting Shares, such Subordinate Proportionate Voting Shares and any fractions thereof issued will automatically, without further action on the part of the holder thereof, be reconverted into Subordinate Voting Shares on the basis of one Subordinate Proportionate Voting Share for 80 Subordinate Voting Shares, and the Corporation will procure that the transfer agent for the Subordinate Voting Shares will send to such holder a direct registration statement, certificate or certificates representing the Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Subordinate Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right, the Corporation will procure that the transfer agent for the Subordinate Voting Shares will deliver to the holders of such Subordinate Proportionate Voting Shares the consideration paid for such Subordinate Proportionate Voting Shares by such Offeror.

On July 31, 2019, in connection with the closing of the Business Combination between the Corporation and Cannex, the Corporation, Alliance Trust Company (as trustee for the benefit of the holders of Subordinate Voting Shares and the holders of Subordinate Proportionate Voting Shares (the "**Holders**")) and all of the holders of the Multiple Voting Shares entered into a coattail agreement (the "**Coattail Agreement**") in order to ensure that the Holders will not be deprived of any rights under applicable take-over bid legislation to which they would have been entitled in the event of a take-over bid for the Multiple Voting Shares (as if such sale was a take-over bid for the purposes of

the *Securities Act* (Ontario)) as if the Multiple Voting Shares had been Subordinate Voting Shares or Subordinate Proportionate Voting Shares, as applicable.

Pursuant to the Coattail Agreement, subject to certain exceptions for permitted sales, and subject to the articles of the Corporation, the Multiple Voting Shares holders cannot sell, directly or indirectly, any Multiple Voting Shares pursuant to a take-over bid (as defined in applicable Canadian securities laws) under circumstances in which such securities laws would have required the same offer to be made to all or substantially all of the Subordinate Voting Shares Holders or the Subordinate Proportionate Voting Shares Holders, as applicable, if the sale by the Multiple Voting Shares Holders had been a sale of the Subordinate Voting Shares or Subordinate Proportionate Voting Shares, as applicable, rather than such Multiple Voting Shares, but otherwise on the same terms. In respect of the exceptions referenced above, the foregoing restriction will not apply to a sale by any Multiple Voting Shares Holder of the Multiple Voting Shares if (i) a concurrent offer is made to purchase Subordinate Voting Shares and Subordinate Proportionate Voting Shares that offers the same or better economics, take-up rules and conditions (and is otherwise identical); and (ii) a voluntary transfer of Multiple Voting Shares between existing holders of Multiple Voting Shares, or the occurrence of an event that triggers an obligation on the part of other holders of Multiple Voting Shares to purchase those Multiple Voting Shares related event. Such purchase obligation would arise in the event of the death or disability of an initial holder of Multiple Voting Shares or if there occurs an "involuntary transfer event" for an initial holder of Multiple Voting Shares - including a bankruptcy, insolvency, or other involuntary transfer by legal process.

In the event of an improper sale in violation of the Coattail Agreement, then the trustee will take all necessary steps to ensure that the holders of Multiple Voting Shares shall not, and shall not be permitted to, at or after the time such sale becomes effective, do any of the following with respect to any of the Multiple Voting Shares so sold or purported to be sold, without the prior written consent of the trustee: (i) sell them; (ii) convert them into Subordinate Voting Shares; or (iii) exercise any voting rights attached to them.

The Coattail Agreement cannot be amended, and no provision therein can be waived, except with (i) the consent of the CSE; and (ii) the approval of at least a majority of the votes cast by the holders of Subordinate Voting Shares and Subordinate Proportionate Voting Shares (voting as a class) present or represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to any such shares held directly or indirectly by the holders of Multiple Voting Shares and their respective affiliates (and any person who has an agreement to purchase Multiple Voting Shares on terms that would constitute a sale or disposition under the restriction provisions of the Coattail Agreement, and subject to the exceptions to those restrictions, in each case as described in the paragraph above), prior to giving effect to such amendment or waiver.

The Coattail Agreement is available under the Corporation's SEDAR profile at www.sedar.com.

Compliance with Part 12 of NI 41-101

Part 12 of NI 41-101 contains certain restrictions on an issuer's eligibility to file a prospectus to distribute restricted shares, or securities exercisable for restricted shares (such as the Warrants), unless certain conditions are met. Such restrictions can be removed if at the time restricted shares were created, certain shareholder approvals were obtained and certain disclosure was included in the circular in connection with seeking such approvals. However, in order to rely on this provision, the issuer must have been a reporting issuer at the time of the reorganization that created the restricted shares.

Due to the structuring of the Business Combination, the Corporation was not a reporting issuer at the time the Subordinate Voting Shares were created; therefore, 4Front Corp. applied for, and the Corporation received, exemptive relief from the Ontario Securities Commission, which relief can be relied on in each of the other provinces and territories of Canada. Pursuant to such relief, among other things, and subject to certain conditions, Section 12.3 of NI 41-101 relating to prospectus filing eligibility for distributions of restricted securities does not apply to distributions by the Corporation of Subordinate Voting Shares or any other securities of the Corporation, on a go-forward basis, that are convertible into, Subordinate Voting Shares.

PRIOR SALES

The following tables set forth details regarding issuances of Subordinate Voting Shares and issuances of securities convertible into or exchangeable, redeemable or exercisable for Subordinate Voting Shares during the 12-month period before the date of this Prospectus.

Date	Type of Security Issued	Issuance/Exercise Price per Security	Number of Securities Issued
October 23, 2020	SVS[4]	$0.53	170,307
October 9, 2020	SVS[1]	$0.79	3,551,040
October 6, 2020	warrants to purchase SVS[2]	$0.80	1,125,000
October 2, 2020	Options to purchase SVS ("**SVS Options**")[3]	$0.77	3,000,000
September 15, 2025	SVS Option[3]	$0.86	8,315,960
September 10, 2020	SVS[4]	US$0.53	750,000
September 21, 2020	SVS[4]	US$0.53	889,756
August 20, 2020	SVS[4]	US$0.53	750,000
July 31, 2020	SVS Options[3]	$0.80	1,500,000
July 7, 2020	unsecured convertible notes[5]	US$0.46	US$138,037 in principal amount
July 23, 2020	unsecured convertible notes[5]	US$0.46	US$1,359,366 in principal amount
June 16, 2020	SVS[6]	$0.59	223,145
June 16, 2020	SVS[6]	$0.58	827,586
June 10, 2020	secured convertible notes[5]	US$0.25	US$150,000 in principal amount
June 10, 2020	unsecured convertible notes[5]	US$0.46	US$8,245,787 in principal amount
June 8, 2020	SVS Options[3]	$0.80	25,000
May 14, 2020	secured convertible notes[5]	US$0.25	US$5,676,674.28 in principal amount
May 14, 2020	unsecured convertible notes [5]	US$0.46	US$3,806,169.19 in principal amount
March 23, 2020	senior secured convertible notes[7]	US$23.801	US$348,149.65 in principal amount
February 3, 2020	SVS Options[3]	$0.80	475,000
January 29, 2020	Warrants to purchase SPVS[8]	US$53.81	27,876
January 29, 2020	senior secured convertible notes[9]	US$51.74	US$3,000,000 in principal amount
November 29, 2019	SVS[6]	$0.59	1,035,456
November 6, 2019	Options to purchase SPVS ("S**PVS Options**")[3]	$64.00	188
November 1, 2019	SPVS Options[3]	$64.00	15,000

Notes:

(1) Issued 3,551,040 Subordinate Voting Shares to Compassion Health of Massachusetts, LLC ("**CHM**") as consideration for the purchase of all of CHM's right, title and interest in and to: (i) one hundred and ninety (190) Class A units of 4Front Management Associates, LLC, ("4Front Management"), representing a nineteen percentage (19%) interest in 4Front Management, a Massachusetts limited liability company; and (ii) one hundred and ninety (190) Class A units of MMA Capital, LLC ("**MMA**"), representing a nineteen percentage (19%) interest in MMA, a Massachusetts limited liability company.

(2) Issued as compensation under certain consulting agreements entered into by the Corporation.

(3) Issued pursuant to the Corporation's stock option plan.

(4) Issued upon exercise of Compensation Warrants.

(5) Issued to subscribers pursuant to a private placement of convertible notes.

(6) Issued as repayment of previously outstanding debt.

(7) Issued in connection with the amended and restated securities purchase agreement dated July 31, 2019 among Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., Gotham Green Credit Partners SPV 2, L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., 4Front Ventures Corp., Cannex Holdings (Nevada) Inc., 4Front Ventures Corp., 4Front U.S. Holdings Inc. and Cannex Holdings (Nevada) Inc. (the "**GGP Securities Purchase Agreement**"). See *Material Contracts.*

(8) Issued in connection with to the GGP Securities Purchase Agreement. See *Material Contracts.*
(9) Issued in connection with the GGP Securities Purchase Agreement. See *Material Contracts.*

In addition, in the 12-month period before the date of this Prospectus, an aggregate of 4,129,076 Subordinate Proportionate Voting Shares were converted into an aggregate of 330,326,080 Subordinate Voting Shares. Subordinate Proportionate Voting Shares are converted into Subordinate Voting Shares in accordance with their terms pursuant to the articles of the Corporation on the basis of 1 Subordinate Proportionate Voting Shares for 80 Subordinate Voting Shares. 1 Subordinate Proportionate Voting Shares is the economic equivalent of 80 Subordinate Voting Shares and the Corporation does not receive any consideration on the conversion. The following chart provides a summary of the above noted conversions in the 12-month period before the date of this Prospectus:

Date	Number of SPVS Converted	Number of SVS Issued
October 1 – 23, 2020	30,034	2,402,720
September, 2020	53,770	4,301,600
August, 2020	415,873	33,269,840
July, 2020	54,771	4,381,680
June, 2020	1,152,598	92,207,840
May, 2020	1,152,598	92,207,840
April, 2020	49,336	3,946,880
March, 2020	50,682	4,054,560
February, 2020	1,163,053	93,044,240
January, 2020	471	37,680
December, 2019	2,098	167,840
November, 2019	0	0
October, 2019	3,792	303,360

TRADING PRICE AND VOLUME

The Subordinate Voting Shares trade on the CSE under the symbol "FFNT". The following table sets out the high and low trading prices, as well as the trading volume for the Subordinate Voting Shares on the CSE (as reported by the CSE) for the periods indicated.

	CSE		
Month	High ($)	Low ($)	Volume
2020			
October 1 to October 23	0.91	0.67	2,403,500
September	0.97	0.70	4,486,582
August	0.97	0.73	4,657,640
July	0.96	0.495	6,072,176
June	0.60	0.49	1,993,380
May	0.64	0.39	4,360,123
April	0.55	0.275	4,892,562
March	0.45	0.245	3,197,611
February	0.70	0.395	2,770,150
January	0.81	0.54	2,316,350
2019			
December	0.63	0.48	2,653,418
November	0.63	0.37	2,480,152
October	0.71	0.51	2,601,531

At the close of business on October 23, 2020, the last trading day prior to the date of this Prospectus, the closing price of the Subordinate Voting Shares as quoted by the CSE was $0.70 and the closing price of the Subordinate Voting Shares as quoted on the OTCQX was US$0.53.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The Corporation believes it is, and will continue to be treated as, a U.S. corporation for purposes of the Internal Revenue Code of 1986 although for purposes of the Tax Act, the Corporation will be treated as a taxable Canadian corporation. Prospective investors should carefully review the following sections as well as the discussion under the headings "*Certain U.S. Federal Income Tax Considerations to Non-U.S. Holders*" and *"Risk Factors - Risks Relating to Taxes.*"

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, and Borden Ladner Gervais LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations that generally apply to a purchaser who acquires Units pursuant to the Offering. For purposes of this summary, references to Subordinate Voting Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of Subordinate Voting Shares and Warrants acquired pursuant to the Offering and who, for the purposes of the Tax Act, and at all relevant times: (i) deals at arm's length with and is not affiliated with the Corporation or the Underwriters; and (ii) acquires and holds the Unit Shares and Warrants, and will hold the Warrant Shares issuable on the exercise of the Warrants as capital property (a "**Holder**").

Subordinate Voting Shares and Warrants will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This section of the summary does not apply to a Holder: (i) that is a "financial institution" within the meaning of section 142.2 of the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) that has made a "functional currency" reporting election under section 261 of the Tax Act; (iv) an interest in which is, or for whom a Subordinate Voting Share or Warrant would be, a "tax shelter investment" for the purposes of the Tax Act; or (v) that has entered or will enter into a "derivative forward agreement" or "synthetic disposition arrangement", each as defined in the Tax Act, in respect of Subordinate Voting Shares or Warrants. Such Holders should consult their own tax advisors.

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**") in force as of the date hereof; (ii) all specific proposals ("**Proposed Amendments**") to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof; and (iii) counsel's understanding of the current publicly available published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes that all Proposed Amendments will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal or any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

A Holder who acquires Units pursuant to the Offering will be required to allocate the purchase price paid for each Unit on a reasonable basis between the Unit Share and the one-half Warrant comprising each Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act.

For its purposes, the Corporation has advised counsel that, of the $0.70 Offering Price for each Unit, it intends to allocate $0.67 to each Unit Share and $0.03 to each one-half Warrant and believes that such allocation is reasonable. The Corporation's allocation, however, is not binding on the CRA or on a Holder.

The adjusted cost base to a Holder of each Unit Share comprising a part of a Unit acquired pursuant to the Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all other Subordinate Voting Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder of a Warrant upon the exercise of such Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the adjusted cost base of the Warrant to such Holder, plus the amount paid on the exercise of the Warrant. For the purpose of computing the adjusted cost base to a Holder of each Warrant Share acquired on the exercise of a Warrant, the cost of such Warrant Share must be averaged with the adjusted cost base to such Holder of all other Subordinate Voting Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

Holders Resident in Canada

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act (a "**Resident Holder**").

A Resident Holder whose Subordinate Voting Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Subordinate Voting Shares and every other "Canadian security" (as defined in the Tax Act) owned by such purchaser in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Such election is not available in respect of Warrants. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation resident in Canada and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or series of transactions or events that includes the acquisition of Units or Warrant Shares issued on the exercise of Warrants, controlled by a non-resident person or group of non-resident persons not dealing with each other at arm's length for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the consequences of acquiring Units or Warrant Shares issued on the exercise of Warrants.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Holders Resident in Canada — Taxable Capital Gains and Capital Losses*".

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Subordinate Voting Shares. In the case of a Resident Holder that is an individual (and certain types of trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations (as defined in the Tax Act). Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as "eligible dividends".

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances a taxable dividend received or deemed to be received by a Resident Holder that is a corporation may be treated as a capital gain or proceeds of disposition. Resident Holders should contact their own tax advisors in this regard.

A Resident Holder that is a "private corporation" or a "subject corporation", as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be

received on the Subordinate Voting Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year.

Any United States withholding tax paid by or on behalf of a Resident Holder in respect of dividends received from the Corporation generally will be eligible for foreign tax credit or deduction treatment where applicable under the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. However, dividends received on the Subordinate Voting Shares by a Resident Holder may not be treated as income sourced in the United States for these purposes, and if so, the foreign tax credit or deduction treatment may not be available under the Tax Act. Resident Holders should consult their own tax advisors with respect to the availability of any foreign tax credits or deductions under the Tax Act in respect of any United States withholding tax applicable to dividends on the Subordinate Voting Shares. See discussion below under the heading "*Certain U.S. Federal Income Tax Considerations to Non-U.S. Holders*".

Dispositions of Subordinate Voting Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Subordinate Voting Share (other than to the Corporation unless purchased by the Corporation in the open market in the manner in which shares are normally purchased by any member of the public on the open market) or Warrant (other than on the exercise of a Warrant) will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of the Subordinate Voting Share or Warrant immediately before the disposition or deemed disposition.

Taxable Capital Gains and Losses

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

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

Any United States withholding tax or income tax, as applicable, paid by or on behalf of a Resident Holder in respect of a capital gain realized on a disposition of Subordinate Voting Shares or Warrants generally will be eligible for foreign tax credit treatment where applicable under the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. However, any capital gains realized on the disposition of Subordinate Voting Shares or Warrants by a Resident Holder may not be treated as income sourced in the United States for these purposes, and if so, the foreign tax credit or deduction treatment may not be available under the Tax Act. Resident Holders should consult their own tax advisors with respect to the availability of any foreign tax credits under the Tax Act in respect of any United States withholding tax applicable to capital gains realized on the Subordinate Voting Shares or Warrants. See discussion below under the heading "*Certain U.S. Federal Income Tax Considerations to Non-U.S. Holders*".

Other Income Taxes

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which includes taxable capital gains and certain dividends.

Generally, a Resident Holder that is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Subordinate Voting Shares or realizes a capital gain on the disposition or deemed disposition of Subordinate Voting Shares or Warrants may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Holders Not Resident in Canada

This portion of the summary generally applies only to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada at any time while they hold the Subordinate Voting Shares or Warrants; and (ii) does not use or hold the Subordinate Voting Shares or Warrants in connection with carrying on a business in Canada and elsewhere ("**Non-Resident Holder**"). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Expiry of Warrants

The tax consequences of the expiry of a Warrant held by a Non-Resident Holder are generally that such Non-Resident Holder will realize a capital loss equal to the Non-Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital losses is discussed in greater detail below under "— *Holders Not Resident in Canada — Dispositions of Subordinate Voting Shares and Warrants*".

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Corporation to a Non-Resident Holder on the Subordinate Voting Shares will be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled to under any applicable income tax convention or treaty between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Tax Convention (1980)*, as amended, and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%. Non-Resident Holders should consult their own tax advisors regarding Canadian withholding tax on dividends having regard to their particular circumstances.

Dispositions of Subordinate Voting Shares and Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Subordinate Voting Share or Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Subordinate Voting Share or Warrant (as applicable) is, or is deemed to be, "taxable Canadian property" of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention or treaty between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Subordinate Voting Share or Warrant (as applicable) will not constitute taxable Canadian property of a Non-Resident Holder provided that the Subordinate Voting Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the CSE), unless at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Corporation were owned by or belonged to any combination of (a) the Non Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists. Notwithstanding the foregoing, a Subordinate Voting Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder in certain circumstances.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Subordinate Voting Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention or treaty, the consequences described above under "—

Holders Resident in Canada — Dispositions of Subordinate Voting Shares and Warrants" and "*— Holders Resident in Canada — Taxable Capital Gains and Losses*" will generally be applicable to such Non-Resident Holder.

Non-Resident Holders whose Subordinate Voting Shares or Warrants are taxable Canadian property should consult their own tax advisors.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS TO NON-U.S. HOLDERS

The following is, as of the date of this Prospectus, a summary of certain U.S. federal income tax considerations under the Internal Revenue Code of 1986, as amended (the "**Code**") generally applicable to Non-U.S. Holders (as defined below) arising from and relating to the acquisition, ownership and disposition of Unit Shares acquired as part of the Units, the acquisition, exercise, disposition and lapse of Warrants acquired as part of the Units, and the acquisition, ownership and disposition of Warrant Shares received upon exercise of the Warrants.

Scope of this Summary

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences related to the acquisition, ownership and disposition of Unit Shares acquired as part of the Units, the acquisition, exercise, disposition and lapse of Warrants acquired as part of the Units, and the acquisition, ownership and disposition of Warrant Shares received upon exercise of the Warrants. Except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. In addition, this summary does not take into account the individual facts and circumstances of any particular holder that may affect the U.S. federal income tax consequences to such holder. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any particular holder. Each holder should consult its own tax advisors regarding the U.S. federal, state and local, and non-U.S. tax consequences related to the acquisition, ownership and disposition of Unit Shares acquired as part of the Units, the acquisition, exercise, disposition and lapse of Warrants acquired as part of the Units, and the acquisition, ownership and disposition of Warrant Shares received upon exercise of the Warrants.

No ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences related to the acquisition, ownership and disposition of Unit Shares acquired as part of the Units, the acquisition, exercise, disposition and lapse of Warrants acquired as part of the Units, and the acquisition, ownership and disposition of Warrant Shares received upon exercise of the Warrants. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF UNITS, UNIT SHARES, WARRANTS OR WARRANT SHARES ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Authorities

This summary is based on the Code, Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Prospectus. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

U.S. Holders

As used in this summary, the term "U.S. Holder" means a beneficial owner of Unit Shares, Warrants or Warrant Shares, as applicable, acquired pursuant to this Prospectus that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation (or other entity taxable as a corporation) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Non-U.S. Holders

The term "Non-U.S. Holder" means any beneficial owner of Unit Shares, Warrants or Warrant Shares, as applicable, acquired pursuant to this prospectus that is neither a U.S. Holder nor a partnership (including an entity treated as a partnership for U.S. federal income tax purposes).

Holders Subject to Special U.S. Federal Income Tax Rules

This summary addresses only persons or entities who hold Unit Shares, Warrants or Warrant Shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment purposes). This summary does not address all aspects of U.S. federal income taxation that may be applicable to Non-U.S. Holders in light of their particular circumstances or to Non-U.S. Holders subject to special treatment under U.S. federal income tax law, such as (without limitation): banks, insurance companies, and other financial institutions; tax-exempt organizations (including private foundations); dealers or traders in securities, commodities or foreign currencies; regulated investment companies; U.S. expatriates or former long-term residents of the United States; persons holding Unit Shares, Warrants or Warrant Shares as part of a straddle, appreciated financial position, synthetic security, hedge, conversion transaction or other integrated investment; persons holding Unit Shares, Warrants or Warrant Shares as a result of a constructive sale; entities that acquire Unit Shares, Warrants and Warrant Shares that are treated as partnerships or are otherwise treated as "pass-through" entities for U.S. federal income tax purposes and partners in such partnerships; real estate investment trusts; U.S. Holders that have a "functional currency" other than the U.S. dollar; holders that acquired Unit Shares, Warrants, or Warrant Shares in connection with the exercise of employee stock options or otherwise as consideration for services; Non-U.S. Holders that are "controlled foreign corporations" or "passive foreign investment companies;" Non-U.S. Holders liable for the alternative minimum tax; Non-U.S. Holders subject to special tax accounting rules; Non-U.S. Holders that own, have owned or will own (directly, indirectly or by attribution) 10% or more of value or the total combined voting power of the Corporation's outstanding shares. Non-U.S. Holders that are subject to special provisions under the Code, including holders described immediately above, should consult their own tax advisors regarding the U.S. federal, state and local, and non-U.S. income tax consequences arising from and relating to the acquisition, ownership and disposition of Unit Shares acquired as part of the Units, the acquisition, exercise, disposition and lapse of Warrants acquired as part of the Units, and the acquisition, ownership and disposition of Warrant Shares received upon exercise of the Warrants.

Tax Consequences Not Addressed

This discussion does not address U.S. federal tax laws other than those pertaining to U.S. federal income tax (such as U.S. federal estate or gift tax or the federal net investment income tax), nor does it address any aspects of U.S. state, local or non-U.S. taxes. Non-U.S. Holders are urged to consult with their own tax advisors regarding the possible application of these taxes. Except as discussed below, this summary does not address tax reporting requirements.

Treatment of the Corporation as a U.S. Corporation

The Corporation believes that, pursuant to Section 7874 of the Code, even though it is organized as a Canadian corporation, the Corporation should be treated as a U.S. domestic corporation for U.S. federal income tax purposes. Because the Corporation is a taxable corporation in Canada, it is likely to be subject to income taxation in both the United States and Canada on the same income, which in turn, may reduce the amount of income available for

distribution to shareholders. The balance of this discussion assumes the Corporation is a U.S. domestic corporation for U.S. federal income tax purposes. However, no tax opinion or ruling from the IRS concerning the U.S. federal income tax characterization of the Corporation has been obtained and none will be requested. Thus, there can be no assurance that the IRS will not challenge the characterization of the Corporation as a domestic corporation, or that if challenged, a U.S. court would not agree with the IRS. If the Corporation is not treated as a U.S. domestic corporation, then the acquisition, ownership and disposition of Unit Shares acquired as part of the Units, the acquisition, exercise, disposition and lapse of Warrants acquired as part of the Units, and the acquisition, ownership and disposition of Warrant Shares received upon exercise of the Warrants may have materially different implications for Non-U.S. Holders.

Characterization of the Units

For U.S. federal income tax purposes, the acquisition by a Non-U.S. Holder of a Unit will be treated as the acquisition of a "unit" consisting of two components: a component consisting of one Unit Share and a component consisting of one-half of one Warrant. The purchase price for each Unit will be allocated between these two components in proportion to their relative fair market values at the time the Unit is purchased by the Non-U.S. Holder. This allocation of the purchase price for each Unit will establish a Non-U.S. Holder's initial tax basis for U.S. federal income tax purposes in the Unit Share and one-half of one Warrant that comprise each Unit.

For this purpose, the Corporation will allocate $0.67 of the purchase price for each Unit to the Unit Share and $0.03 of the purchase price for each Unit to one-half of one Warrant. However, the IRS will not be bound by such allocation of the purchase price for the Units, and therefore, the IRS or a U.S. court may not respect the allocation set forth above. Each Non-U.S. Holder should consult its own tax advisor regarding the allocation of the purchase price for the Units.

Tax Consequences to Non-U.S. Holders With Respect to the Warrants, Unit Shares and Warrant Shares

Exercise of Warrants

A Non-U.S. Holder generally will not recognize gain or loss on the exercise of a Warrant and related receipt of a Warrant Share (unless cash is received in lieu of the issuance of a fractional Warrant Share and certain other conditions are present, as discussed below under "*Sale or Other Taxable Disposition of Unit Shares, Warrants and Warrant Shares*"). A Non-U.S. Holder's initial tax basis in the Warrant Share received on the exercise of a Warrant should be equal to the sum of (i) the Non-U.S. Holder's tax basis in the Warrant plus (ii) the exercise price paid by the Non-U.S. Holder on the exercise of the Warrant. It is unclear whether a Non-U.S. Holder's holding period for the Warrant Share received on the exercise of a Warrant should begin on the date that the Warrant is exercised by the Non-U.S. Holder or the day following the date of the exercise of the Warrant.

Disposition of Warrants

A Non-U.S. Holder will recognize gain or loss on the sale or other taxable disposition of a Warrant in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such Non-U.S. Holder's tax basis in the Warrant sold or otherwise disposed of. Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the Warrant is held for more than one year. Any such gain recognized by a Non-U.S. Holder may be taxable for U.S. federal income tax purposes according to rules discussed under the heading "*Sale or Other Taxable Disposition of Unit Shares, Warrants and Warrant Shares*," below.

Expiration of Warrants without Exercise

Upon the lapse or expiration of a Warrant, a Non-U.S. Holder will recognize a loss in an amount equal to such Non-U.S. Holder's tax basis in the Warrant. Any such loss generally will be a capital loss and will be long-term capital loss if the Warrants are held for more than one year. Deductions for capital losses are subject to complex limitations under the Code.

Certain Adjustments to the Warrants

Under Section 305 of the Code, an adjustment to the number of Warrant Shares that will be issued on the exercise of the Warrants, or an adjustment to the exercise price of the Warrants, may be treated as a constructive distribution to a Non-U.S. Holder of the Warrants if, and to the extent that, such adjustment has the effect of increasing such Non-U.S. Holder's proportionate interest in the Corporation's earnings and profits or assets, depending on the circumstances of such adjustment (for example, if such adjustment is to compensate for a distribution of cash or other property to its shareholders). Adjustments to the exercise price of a Warrant made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing dilution of the interest of the Non-U.S. Holders of the Warrants should generally not result in a constructive distribution. See the more detailed discussion of the rules applicable to distributions made by the Corporation under the heading "*Distributions on Subordinate Voting Shares and Warrant Shares*," below.

Distributions on Shares of Unit Shares and Warrant Shares

Distributions on Unit Shares and Warrant Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from the Corporation's current and accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed the Corporation's current and accumulated earnings and profits, they will constitute a return of capital and will first reduce a Non-U.S. Holder's basis in Unit Shares or Warrant Shares, but not below zero, and then will be treated as gain from the sale of stock, which will be taxable according to rules discussed under the heading "Sale or Other Taxable Disposition of Unit Shares, Warrants and Warrant Shares," below. Any dividends paid to a Non-U.S. Holder with respect to Unit Shares or Warrant Shares generally will be subject to withholding tax at a 30% gross rate, subject to any exemption or lower rate under an applicable income tax treaty if the Non-U.S. Holder provides the Corporation with a properly executed IRS Form W-8BEN or W-8BEN-E, as applicable, unless the Non-U.S. Holder provides the Corporation with a properly executed IRS Form W-8ECI (or other applicable form) relating to income effectively connected with the conduct of a trade or business within the United States.

Dividends that are effectively connected with the conduct of a trade or business within the United States and includible in the Non-U.S. Holder's gross income are not subject to U.S. withholding tax (assuming proper certification and disclosure), but instead are subject to U.S. federal income tax on a net income basis at applicable graduated U.S. federal income tax rates. Any such effectively connected income received by a non-U.S. corporation may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate, subject to any exemption or lower rate as may be specified by an applicable income tax treaty.

A Non-U.S. Holder of Unit Shares or Warrant Shares who wishes to claim the benefit of an applicable income tax treaty rate or exemption is required to satisfy certain certification and other requirements. If a Non-U.S. Holder is eligible for an exemption from or a reduced rate of U.S. withholding tax pursuant to an income tax treaty, it may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS on a timely filed U.S. tax return. Non-U.S. Holders should consult their own tax advisors to determine the applicable income tax treaty and related exemption from 30% withholding, where applicable.

Sale or Other Taxable Disposition of Unit Shares, Warrants and Warrant Shares

In general, a Non-U.S. Holder of Unit Shares, Warrants or Warrant Shares will not be subject to U.S. federal income tax on gain recognized from a sale, exchange, or other taxable disposition of such Unit Shares, Warrants or Warrant Shares, unless:

- the gain is effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder (and, where an income tax treaty applies, is attributable to a U.S. permanent establishment of the Non-U.S. Holder), in which case the Non-U.S. Holder will be subject to tax on the net gain from the sale at regular graduated U.S. federal income tax rates, and if the Non-U.S. Holder is a corporation, may be subject to an additional U.S. branch profits tax at a gross rate equal to 30% of its effectively connected earnings and profits for that taxable year, subject to any exemption or lower rate as may be specified by an applicable income tax treaty;

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable

year of disposition and certain other conditions are met, in which case the Non-U.S. Holder will be subject to a 30% tax on the gain from the sale, which may be offset by U.S. source capital losses; or

- the Corporation is or has been a "United States Real Property Holding Corporation" (a "**USRPHC**") for U.S. federal income tax purposes at any time during the shorter of the Non-U.S. Holder's holding period or the 5-year period ending on the date of disposition of Unit Shares, Warrants or Warrant Shares; provided, with respect to the Unit Shares and Warrant Shares, that as long as the Unit Shares are regularly traded on an established securities market as determined under the Treasury Regulations (the "Regularly Traded Exception"), a Non-U.S. Holder would not be subject to taxation on the gain on the sale of Unit Shares or Warrant Shares under this rule unless the Non-U.S. Holder has owned more than 5% of Unit Shares at any time during such 5-year or shorter period (a "5% Stockholder"). In determining whether a Non-U.S. Holder is a 5% Stockholder, the Non-U.S. Holder's Warrants may be included in such determination. In addition, certain attribution rules apply in determining ownership for this purpose. The Corporation does not believe that it is currently a USRPHC and does not anticipate becoming one in the foreseeable future.

Information Reporting and Backup Withholding

Generally, the Corporation must report annually to the IRS and to Non-U.S. Holders the amount of dividends paid on the Unit Shares and Warrant Shares to Non-U.S. Holders and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which a Non-U.S. Holder resides under the provisions of an applicable income tax treaty, tax information exchange agreement, or other applicable arrangement.

In general, a Non-U.S. Holder will not be subject to backup withholding with respect to payments of dividends made by the Corporation, provided the Corporation receives a statement meeting certain requirements to the effect that the Non-U.S. Holder is not a U.S. person and the Corporation does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code, that is not an exempt recipient. The requirements for the statement will be met if (i) the Non-U.S. Holder provides its name, address and U.S. taxpayer identification number, if any, and certifies, under penalty of perjury, that it is not a U.S. person (which certification may be made on the applicable IRS Form W-8BEN or W-8BEN-E) or (ii) a financial institution holding the instrument on behalf of the Non-U.S. Holder certifies, under penalty of perjury, that such statement has been received by it and furnishes the Corporation or the paying agent with a copy of the statement. In addition, a Non-U.S. Holder will be subject to information reporting and, depending on the circumstances, backup withholding with respect to payments of the proceeds of a sale of Unit Shares, Warrants and Warrant Shares within the United States or conducted through certain U.S.-related financial intermediaries, unless the statement described above has been received, and the Corporation does not have actual knowledge or reason to know that a holder is a U.S. person, as defined under the Code, that is not an exempt recipient, or the Non-U.S. Holder otherwise establishes an exemption. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, if any, provided the required information is furnished on a timely filed U.S. tax return with the IRS.

FATCA Withholding

Sections 1471 through 1474 of the Code ("**Foreign Account Tax Compliance Act**" or "**FATCA**") may impose withholding at a rate of 30% in certain circumstances on dividends in respect of Unit Shares, Warrants and Warrant Shares, which are held by or through certain foreign financial institutions (including investment funds), unless any such institution (1) enters into, and complies with, an agreement with the IRS to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments, or (2) if required under an intergovernmental agreement between the United States and an applicable foreign country, reports such information to its local tax authority, which will exchange such information with the IRS. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Accordingly, the entity through which Unit Shares, Warrants and Warrant Shares are held will affect the determination of whether such withholding is required. Similarly, dividends in respect of Unit Shares, Warrants and Warrant Shares held by a holder that is a non-financial non-U.S. entity that does not qualify under certain exceptions will generally be subject to withholding at a rate of 30%, unless such entity either (1) certifies to the Corporation or the applicable withholding agent that such entity does not have any "substantial United States owners"

or (2) provides certain information regarding the entity's "substantial United States owners," which will in turn be provided to the U.S. Department of Treasury.

FATCA withholding also potentially applies to payments of gross proceeds from the sale or other taxable disposition of Unit Shares, Warrants and Warrant Shares. Proposed Treasury Regulations, however, would eliminate FATCA withholding on such payments, and the U.S. Treasury Department has indicated that taxpayers may rely on this aspect of the proposed Treasury Regulations until final Treasury Regulations are issued.

Non-U.S. Holders should consult with their own tax advisors regarding the possible implications of the foregoing rules on their holding of Unit Shares, Warrants and Warrant Shares.

RISK FACTORS

An investment in the Units is speculative and involves certain risks. Before making an investment decision, prospective purchasers of Units should carefully review and consider all the information described in this Prospectus and the documents incorporated by reference herein (including the AIF and subsequently filed documents incorporated by reference herein), including the risk factors described herein and therein (including the section entitled "Risk Factors" in the AIF). Some of the risk factors described herein and in the documents incorporated by reference herein (including subsequently filed documents incorporated by reference herein) are interrelated and, consequently, investors should treat such risk factors as a whole. If any event arises from these risks occurs, the Corporation's business, prospects, financial condition, results of operations and cash flows, and an investment in the Units, could be materially adversely affected. Additional risks and uncertainties of which the Corporation is currently unaware or that are unknown or that the Corporation currently deems to be immaterial could have a material adverse effect on the Corporation's business, prospects, financial condition, results of operations and cash flows. The Corporation cannot provide any assurances that it will successfully address any or all of these risks.

Risks Related to the Offering

Completion of the Offering

The completion of the Offering remains subject to a number of conditions. There can be no certainty that the Offering will be completed. Failure by the Corporation to satisfy all of the conditions precedent to the Offering would result in the Offering not being completed. If the Offering is not completed, the Corporation may not be able to raise the funds required for the purposes contemplated under "*Use of Proceeds*" from other sources on commercially reasonable terms or at all.

Discretion in the Use of Proceeds

Although the Corporation expects to use the proceeds from the Offering as set out above under "*Use of Proceeds*", management of the Corporation will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading "Use of Proceeds" if they believe it would be in the Corporation's best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's results of operations may suffer.

Additional Financing

The continued development of the Corporation will require additional financing. There is no guarantee that the Corporation will be able to achieve its business objectives. The Corporation expects to fund its business objectives by way of additional offerings of equity and/or debt financing. The failure to raise or procure such additional funds could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Corporation. If additional funds are raised by offering equity securities or convertible debt, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve the granting of security against assets of the Corporation and also contain restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Corporation may

require additional financing to fund its operations. See "*Additional Issuance of Subordinate Voting Shares May Result in Dilution*".

No Current Market for Warrants

The Corporation has given notice to the CSE to list the Warrants. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE. While the Corporation will use its reasonable efforts to list the Warrants on the CSE, there is no assurance that such listing will be obtained. There is currently no market through which the Warrants may be sold and no market may develop for the Warrants and purchasers may not be able to resell such Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Cash Flow from Operations

The Corporation had negative operating cash flow for the financial year ended December 31, 2019 and period ended June 30, 2020. The Corporation cannot guarantee that it will attain or maintain positive cash flow status into the future. To the extent that the Corporation has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities in these periods, see "*Use of Proceeds*".

Volatile Market Price of the Subordinate Voting Shares

The market price of the Subordinate Voting Shares cannot be predicted and has been and may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control. This volatility may affect the ability of holders of Subordinate Voting Shares to sell their securities at an advantageous price. Market price fluctuations in the Subordinate Voting Shares may be due to the Corporation's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or competitive, regulatory or economic trends, adverse changes in the economic performance or market valuations of companies in the industry in which the Corporation operates, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments or other material public announcements by the Corporation or its competitors or government and regulatory authorities, operating and share price performance of the companies that investors deem comparable to the Corporation, addition or departure of the Corporation's executive officers and other key personnel, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares.

Financial markets have at times historically 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 Subordinate Voting Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. 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 or arise, the Corporation's operations may be adversely impacted and the trading price of the Subordinate Voting Shares may be materially adversely affected.

Additional Issuance of Subordinate Voting Shares May Result in Dilution

The Corporation may issue additional securities in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Subordinate Voting Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The board of directors of the Corporation has discretion to determine the price and the terms of further issuances. As part of the Offering, the Corporation expects to issue 21,430,000 Units (or 24,644,500 Units if the Over-Allotment Option is exercised in full). Except as described under the "Plan of Distribution", the Corporation may issue additional Subordinate Voting Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable or exercisable for Subordinate Voting Shares). Moreover, additional Subordinate Voting Shares will be issued by the Corporation on the exercise, conversion or redemption of certain outstanding securities of the Corporation, in accordance with their terms. The Corporation may also issue Subordinate Voting Shares to finance future acquisitions. The Corporation cannot predict the size of future issuances of Subordinate Voting Shares or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting

Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its revenue per share.

Risks Related to the Business of the Corporation

Covid-19

The coronavirus disease 2019 (COVID-19) may have a significant impact on the Corporation's operations and could materially adversely affect the Corporation's business and financial results for the remaining months of the 2020 fiscal year and beyond.

In December 2019, COVID-19 emerged in Wuhan, China, and thereafter spread to the United States. The Corporation's ability to grow, manufacture, or sell its products (both at wholesale and retail) may be damaged or disrupted due to COVID-19. This damage or disruption could result from events or factors that are impossible to predict or are beyond the Corporation's control, such as government shutdowns, increase in COVID-19 cases, scarcity of personal protective equipment, disruptions at any of its major vendors or service providers, or other events resulting from COVID-19. Critically, the Corporation's continued operations are dependent on being designated as "essential" businesses, or such similar government designation, which allows the Corporation's facilities and/or stores to operate during the heightened public health response to COVID-19. The Corporation's facilities and stores in all jurisdictions in which it operates remain operational, but this could change without warning by government action. The Corporation has implemented work-from-home procedures and has complied with government public health mandates with respect to the Corporation's operations in order to attempt to lessen the risk of COVID-19 transmission. The Corporation's operating partners in the State of Washington, which lease its cultivation and/or manufacturing facilities, also remain operational and have implemented similar health mandates, such as temperature checks for employees.

While the precise impact of the COVID-19 virus on the Corporation remains unknown, the continued spread of the COVID-19 virus could have a material adverse effect on global economic activity, and may result in volatility and disruption to global supply chains, operations, and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and expected timelines and other factors relevant to the Corporation.

In the first stages of public stay-at-home and similar orders, we experienced sales increases. However, we cannot and do not know if this will continue or if (i) continued COVID-19 prevalence, (ii) a protracted economic slowdown negatively affecting the financial condition of the Corporation's customers, or (iii) continued or modified public health measures may eventually lead to reduced sales and revenue or cessation of operations. Further, any sustained disruption in the capital markets from the COVID-19 pandemic could negatively impact the Corporation's ability to raise capital. In light of this, COVID-19 could adversely affect the Corporation's business and financial results for the remaining months of the year 2020.

Although the Corporation has yet to experience a material decline in consumer spending, the ultimate impact is currently unknown and may become significant as consumers continue to self-isolate and experience financial hardship from prolonged unemployment.

The extent of the impact of COVID-19 on the Corporation's operations and financial results depends on future developments and is highly uncertain due to the unknown duration and severity of the outbreak. The situation is changing rapidly, and future impacts may materialize that are not yet known.

Chinese economic downturn or growth slowdown may harm the Corporation's business by negatively impacting planned infrastructure projects.

Our business operations involve the sourcing of many critical components from China, including components necessary for planned infrastructure and other projects, including the Corporation's planned infrastructure projects in Massachusetts, Illinois, and California. Office closings, travel restrictions and required quarantines implemented in China as a result of COVID-19 have caused significant slowdown of China's production capacity, which could have a material adverse effect on the Corporation's ability to source such products and therefore have a material

adverse effect on the Corporation's business and results of operations. If China's production capacity continues to slow down or go into recession, we may be required to locate a new source for components or delay the Corporation's planned infrastructure projects which could adversely impact the Corporation's operation results.

Legal and Regulatory Risks Related to U.S. Cannabis

For a complete discussion of the U.S. legal and regulatory environment regarding cannabis, including information pursuant to Staff Notice 51-352 regarding the cannabis regulatory regimes in which the Corporation operates, see "*Description of the U.S. Legal Cannabis Industry*".

The federal government has not legalized cannabis for medical or adult-use and enforcement of relevant laws is a significant risk

The federal government of the United States regulates drugs through the CSA, which places controlled substances on one of five schedules. Currently, cannabis is classified as a Schedule I controlled substance. This means it has a high potential for abuse and currently has no accepted medical use in treatment in the United States. Schedule I substances are subject to production quotas imposed by the DEA. Thus, the federal government of the United States has specifically reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis even if such sale and disbursement is sanctioned by state law.

It is currently unclear whether the Trump Administration or any subsequent administrations intends to or will enforce federal laws regarding cannabis, or which types of activities will be targeted for enforcement. A significant federal change in policy could have a material adverse effect on the business, financial, or results of operations of the Corporation. Additionally, the Corporation may experience material adverse effects from unannounced policy or other changes which result in increased scrutiny by federal authorities to cannabis companies such as itself including, but not limited to, increased antitrust scrutiny through the Hart-Scott-Rodino antitrust pre-approval process.

Cannabis remains illegal under federal law, and the federal government could bring criminal and civil charges against the Corporation or its investments at any time. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis-related legislation could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Relationships with third parties

The Corporation and its subsidiaries rely on relationships with numerous business partners and third party service providers located in the U.S. Unless and until the federal legal landscape with respect to medical and/or adult-use cannabis changes (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that business partners and third party service providers may be required to suspend or withdraw services and business relationships to avoid prosecution by U.S. federal authorities under U.S. federal laws.

There is a substantial risk of regulatory or political change

The success of the business strategy of the Corporation depends on a lack of substantial civil and/or criminal enforcement by the federal government of the cannabis industry. The political environment surrounding the cannabis industry in the United States in general can be volatile and the regulatory framework in the United States remains in flux. As of the date of this Prospectus, 33 states, Washington, D.C. and certain other U.S. territories have implemented laws and regulations to legalize and regulate the cultivation, sale, possession and use of cannabis, and additional states have pending legislation regarding the same, however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Corporation's ability to successfully invest and/or participate in the selected business opportunities.

Further, there is no guarantee that at some future date, voters and/or the applicable legislative bodies will not repeal, overturn or limit any such legislation legalizing the sale, disbursement and consumption of medical or adult-use cannabis in any jurisdiction in which the Corporation does or intends to do business. Local and city ordinances may also more strictly limit and/or restrict cannabis in a manner that will make it extremely difficult or impossible for the Corporation to operate.

Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the United States

While some banks and credit unions have begun to service the cannabis industry, and the Corporation maintains multiple business accounts which it uses to operate its businesses from such institutions, the status of cannabis under federal law creates certain risks for the Corporation, including but not limited to: (1) certain financial institutions may refuse to transact business with the Corporation and/or its employees; (2) those institutions which do transact business may change their policy of doing so at any time, which could lead to the Corporation needing to transfer accounts on short notice; (3) banking and other fees may be higher for the Corporation because fewer financial institutions serve the cannabis market; (4) the Corporation may have difficulty maintaining an account in Canada because of its interests in U.S. cannabis; (5) certain financial products which are generally available to entities of the Corporation's size and financial profile in other industries may be unavailable to cannabis companies (e.g. term or revolving bank loans), and therefore lead the Corporation to have a higher cost of capital.

4Front has established banking relationships with certain chartered financial institutions which provide it with requisite basic depository banking services. No guarantee or assurances can be given by the Corporation that it will be able to secure and/or maintain stable banking services arrangements, nor can the Corporation guarantee or provide assurances that it will be able to secure an alternative to traditional banking services should it not be able to secure and maintain traditional banking services with a suitable financial institution.

Access to Capital

Given the illegality of marijuana under U.S. federal law the issuer's access to capital could be negatively affected by public and/or private capital not being available to support continuing operations. At present, management believes that both private and public capital is available to the Corporation on terms acceptable to the Corporation but management also believes that this capital availability could change without notice, requiring the Corporation to operate solely on internally-generated funds. In the event that the Corporation has insufficient internally-generated funds the Corporation could fail and you could lose all of your investment. Management is not currently aware of any specific US federal or state initiatives that would lessen the Corporation's capital access.

Lack of access to U.S. bankruptcy protections; other bankruptcy risks

Because of cannabis' status under federal law, many courts have denied cannabis businesses bankruptcy protections. Accordingly, the Corporation may lack access to bankruptcy reorganization protections, and investors and/or creditors of the Corporation may lack the ability to use the bankruptcy process to enforce their respective interests. It is possible that the Corporation may need to issue equity in order to settle debt or other obligations.

The Corporation may be subject to heightened scrutiny by Canadian authorities

Due to cannabis' legal status under U.S. federal law, and the Corporation's U.S. cannabis operations may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Corporation 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 the Corporation's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction, in addition to those described herein.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. For the Corporation's Staff Notice 51-352 mandated disclosures, see "*Description of the U.S. Legal Cannabis Industry"*.

CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized CSEs, the TMX Group, who is the owner and operator of CDS, announced the signing of a

Memorandum of Understanding ("TMX MOU") with Aequitas NEO Exchange Inc., the CSE and the Toronto Stock Exchange confirming that it relies on such exchanges to review the conduct of listed issuers. The TSX MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the TSX MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the U.S.

Even though the TSX MOU indicated that there are no plans of banning the settlement of securities through the CDS, there can be no guarantee that the settlement of securities will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of SVS to make and settle trades. In particular, the SVS would become highly illiquid until an alternative was implemented, and shareholders would have no ability to affect a trade of the SVS through the facilities of a stock exchange.

Foreign Private Issuer status

To the best of its knowledge, the Corporation is a Foreign Private Issuer as defined in Rule 405 under the U.S. Securities Act and Rule 3b-4 under the U.S. Exchange Act. The term ''Foreign Private Issuer'' is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

(a) more than 50 percent of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and

(b) any one of the following:

(i) the majority of the executive officers or directors are United States citizens or residents, or

(ii) more than 50 percent of the assets of the issuer are located in the United States, or

(iii) the business of the issuer is administered principally in the United States.

For purposes of determining whether more than 50% of its outstanding voting securities are held "of record" by U.S. residents, the Corporation must "look through" the record ownership of brokers, dealers, banks, or nominees holding securities for the accounts of their customers, and also consider any beneficial ownership reports or other information available to the issuer. It must conduct this "look through" in three jurisdictions: the United States; the Corporation's home jurisdiction; and the primary trading market for the Corporation's voting securities, if different from the Corporation's home jurisdiction. Additionally, if the Corporation is not able to obtain information about the record holders' accounts after reasonable inquiry, the Corporation may rely on the presumption that such accounts are held in the broker's, dealer's, bank's, or nominee's principal place of business.

In December 2016, the SEC issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either (i) the combined voting power of its share classes or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding Subordinate Proportionate Voting Shares and each issued and outstanding MVS is counted as one voting security and each issued and outstanding SVS is counted as one voting security for the purposes of determining the 50 percent U.S. resident threshold.

The Corporation anticipates that it will no longer qualify as a Foreign Private Issuer in January 2021. Should the SEC's guidance and interpretation change, it is likely the Corporation will lose its Foreign Private Issuer status sooner than anticipated.

Loss of Foreign Private Issuer status

The Corporation believes itself to currently be a Foreign Private Issuer. If, as of the last business day of the Corporation's second fiscal quarter for any year, more than 50% of the Corporation's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States, the Corporation will no longer meet the definition of a Foreign Private Issuer, which may have

adverse consequences on the Corporation's ability to raise capital in private placements or Canadian prospectus offerings. In addition, the loss of the Corporation's Foreign Private Issuer status may likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Corporation seek to list on a securities exchange in the United States, loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Corporation. The Corporation has determined that it will no longer qualify as a Foreign Private Issuer as of January 1, 2021.

Repayment of Outstanding Indebtedness

In relation to its outstanding indebtedness, the Corporation is subject to risks typically associated with secured debt financing. The Corporation's cash flows could be insufficient to satisfy required payments of principal and interest under such indebtedness. The Corporation's ability to make scheduled payments of principal and interest on its indebtedness depends on its future cash flow, which is subject to the financial performance of the Corporation's business, prevailing economic conditions, prevailing interest rate levels, and other financial, competitive and operational factors, many of which are beyond the Corporation's control. The covenants of its indebtedness may limit the Corporation's ability to engage in activities that may be in the Corporation's long-term best interest. In addition, the terms and conditions thereof contain financial, operational and reporting covenants, and compliance with the covenants by the Corporation may increase the Corporation's legal and financial costs, make certain activities more difficult or restricted, time-consuming or costly and increase demand on the Corporation's systems and resources. The Corporation's failure to comply with any such covenants could result in an event of default, which could result in the acceleration of repayment of the Corporation's debt or realization of the security granted.

State regulatory regimes in which the Corporation, and its counterparties, operate are complex and there may be severe penalties for noncompliance

State regulation of cannabis is often complex, and the Corporation maintains multiple staff to monitor compliance. However, it is possible that the Corporation makes a mistake as to the meaning of a regulation, or an employee commits an unauthorized act against Corporation police which is nonetheless still imputed by the relevant regulator to the Corporation (e.g. the sale of cannabis by a retail employee to a minor). The penalties for noncompliance may be severe, including large fines and/or the suspension or limitation of the Corporation to do business under the license in question. In addition, while the Corporation believes it is able to meet applicable regulatory requirements, including in respect of license transfer, ultimately the decision as to whether to grant a license or approve a transfer is the decision of a third party regulator. Any such substantial noncompliance or failure or other inability to meet regulatory demands presents a risk of material adverse effect on the Corporation's performance.

Additionally, in multiple markets, the Corporation enters into agreements with counterparties with necessary state licensing, such as leases, management agreements, etc. Accordingly, the Corporation is exposed to the risk of substantial noncompliance by the license holder in that any adverse action on such license holder may result in an adverse effect on the Corporation (e.g. the counterparty may be subject to a fine or revocation of license which would impair or eliminate its ability to perform its obligations to the Corporation). The Corporation continually monitors such counterparties' compliance with state law, but it cannot guarantee such compliance.

Also, regulator positions may change, which may have the effect of making arrangements or practices which had been accepted as permissible no longer so. The Corporation's operating tenant in Tumwater, Washington, NWCS, received administrative violation notices in which the Washington Liquor and Cannabis Board charged that it had violated certain regulations. NWCS has recently received a verbal settlement proposal from the WA Liquor Control Board. The terms of the proposal require NWCS to pay a fine to be determined and enable NWCS to continue to conduct its cultivation and processing business in the Tumwater locations. As a further term of settlement, the current sole member of NWCS will be required to dispose of his interest to an arms-length party. The exact amount of the fine is still to be determined but expected to not be material to NWCS' operations.

In respect of regulatory requirements on transfer, the transfer of the Om cannabis dispensary license from Om to the Corporation remains subject to Michigan regulatory approval, including the successful completion of background checks on the executive officers, directors and 10% shareholders of the Corporation. As similar background checks have been completed on such persons by other state regulators, the Corporation does not anticipate an issue with obtaining transfer approval; however, the decision to approve the transfer is ultimately the decision of the Michigan

regulatory authorities and there can be no assurance that such transfer will ultimately be approved, or that it will be approved in the timeframe the Corporation expects.

There may be unknown additional regulatory changes, fees and taxes that may be assessed in the future

The Corporation is aware that multiple states in the United States are considering special taxes or fees on businesses in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could change the net income and return on the Corporation's investments and/or participation in the selected business opportunities. Additionally, there could be future regulatory or legislative changes which increase the amount of available cannabis licenses in jurisdictions in which the Corporation has operations, which could have the effect of increasing competition.

The Corporation may not be able to secure its payment and other contractual rights with liens on the inventory or licenses of its clients and contracting parties

In general, the laws of the various states that have legalized cannabis sale and cultivation do not expressly or impliedly allow for the pledge of inventory containing cannabis as collateral for the benefit of third parties, such as the Corporation, that do not possess the requisite licenses and entitlements to cultivate, sell, or possess cannabis pursuant to the applicable state law. Likewise, the laws of those states generally do not allow for transfer of the licenses and entitlements to sell or cultivate cannabis to third parties that have not been granted such licenses and entitlements by the applicable state agency. The inability of the Corporation and the subsidiaries to secure its payment and other contractual rights with liens on the inventory and licenses of its clients and contracting parties increases the risk of loss resulting from breaches of the applicable agreements by the contracting parties, which, in turn, could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Delays in enactment of new state or federal regulations could restrict the ability of the Corporation to reach strategic growth targets and lower return on investor capital

The strategic growth strategy of the Corporation is reliant upon certain federal and state regulations being enacted to facilitate the legalization of medical and adult-use cannabis. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Corporation, and thus, the effect on the return of investor capital, could be detrimental. The Corporation is unable to predict with certainty when and how the outcome of these complex, legal, regulatory, and legislative proceedings will affect the business and growth of the Corporation.

Limited trademark protection

The Corporation will not be able to register any U.S. federal trademarks for their cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Corporation likely will be unable to protect their cannabis product trademarks beyond the geographic areas in which they conduct business for cannabis products, although trade or service marks may be available for related/ancillary activities. Inability to so register could impair or increase the cost of any necessary trademark enforcement by the Corporation.

There is a risk of high bonding and insurance costs

Although it will vary from state to state in the United States, there is risk that some or all of the state regulatory agencies will begin requiring entities and individuals engaged in certain aspects of the business or industry of legal cannabis to post a bond when applying for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. This risk may not be relevant to all aspects of the business or industry of legal cannabis, however, as this industry is relatively new, the Corporation does not have definitive information or enough information to date to completely quantify what such a figure could or would be. It remains an unknown cost that could have a negative impact on the ultimate success of the Corporation and/or the Corporation's participation in the business opportunities ultimately selected.

Investors in the Corporation and the Corporation's directors, officers and employees may be subject to entry bans into the United States

Because cannabis remains illegal under United States federal law, those who are not U.S. citizens employed at or investing in legal and licensed U.S. cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis U.S. businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal or Canada may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States or Canada (such as the Corporation), who are not United States citizens face the risk of being barred from entry into the United States for life. As described above, on October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible.

Inconsistent public opinion and perception of the medical and adult use cannabis industry hinders market growth and state adoption

Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general). Inconsistent public opinion and perception of the medical and adult-use cannabis may hinder growth and state adoption which could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

The inability of the Corporation to respond to the changing regulatory landscape could harm its business

The medical and adult-use cannabis industry is subject to significant regulatory change at both the state and federal level in the United States. If the Corporation is unable to respond appropriately to these changing federal and state regulations, it may not be successful in capturing significant market share.

Reliable data on the medical and adult-use cannabis industry is not available

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by the Corporation of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Corporation's management team members as of the date of this Prospectus.

There are general regulatory and political risks that may have a material effect on the Corporation

The operations of the businesses of the Corporation, as well as the operations of the business enterprises in which the Corporation makes investments, may be subject to various U.S. federal, state and local statutes, ordinances, rules and regulations, including, among others, zoning and land use ordinances, building, plumbing and electrical codes, contractors' licensing laws and health and safety regulations and laws. Various localities have imposed (or may in the future impose) fees to fund, among other things, schools, road improvements and low and moderate income housing. Additionally, various localities have proposed or enacted additional initiatives restricting the growth and

expansion of cannabis dispensaries and cultivation facilities. There are no assurances that these general regulatory issues will not have a material adverse effect on the business, financial condition or results of operations of the Corporation. The Corporation is additionally exposed to the risk of changes in import laws or duties because certain of its raw materials, such as vapor cartridges, are sourced internationally.

Business and Operational Risks

Operational Risks

The Corporation is exposed to certain business and operating risks which, if any one of which were to become a reality, could be expected to have a material adverse effect on the Corporation's business, operations and/or financial position.

Specific examples of such risks include:

- There are no assurances with respect to the launch of the Commerce Facility.
- The expected continued increase in production of cannabis products from the implementation of Cannex production techniques at Healthy Pharms, Inc. in Georgetown MA, and in Illinois may not occur.
- There are no assurances that the Michigan regulators will approve the transfer of licenses from Om to the Corporation.
- The recent production and sales of CBD products from Pure Ratios may not achieve the expected results.
- The Corporation's production could be shut down for reasons such as testing detecting illegal pesticides, vape bans, state-wide issues with transmitting required information, and public health responses to COVID-19.
- The Corporation may not be able to purchase inventory for its dispensaries in markets which are supply constrained and in which they Corporation does not have production assets or cannot generate sufficient production to satisfy its retail needs.
- Wholesale prices may decrease in Washington state, which could cause the Corporation's Washington tenants to be unable to pay their obligations to the Corporation. The cost of wholesale products purchased from third parties in Massachusetts, Illinois, California, and Michigan may increase and thus reduce the Corporation's profits.

The Corporation's projections are based upon the occurrence of certain anticipated events

The Prospectus and the Corporation's AIF, incorporated herein by reference, contains projections and forward-looking statements about the operations of the Corporation, including projections regarding the cost and timelines to complete business objectives and the anticipated growth of the business and its products. Such projections include, but are not limited to: the costs and timelines to expand warehouse and production facilities, construction costs and timelines for completion of construction, the cost to open and operate dispensaries and the timelines for opening and operating, the costs to obtain cannabis licenses and timeline for receipt of approvals from particular states, expectations regarding the availability of additional applications for cannabis licenses from various states and expectations regarding yield of products.

Projections in the Prospectus and the AIF are based on management's best estimates and the assumptions set out herein. Projections, by their nature, are subject to uncertainty and reliance should not be made on any projection. If projections are incorrect or the actual operations of the Corporation differ materially from management's estimates, it could have a material adverse effect on the business, financial condition and results of operations of the Corporation.

In March 2020, the Corporation formally suspended its previously issued guidance regarding 2020 and 2021 financial targets in light of the continuing uncertainty regarding the COVID-19 epidemic (see above).

The cannabis industry presents substantial risks and uncertainty

The business of the Corporation and the other businesses in which the Corporation will invest will be engaged directly or indirectly in business within the medical and adult-use cannabis industry in the United States. The relatively new development of the medical and adult-use cannabis industry nationally presents numerous and material risks. Many of these risks are not inherent in other developing or mature industries. Many of the risks are unknown, as are their potential consequences.

The risks range from the potential catastrophic collapse of the medical and adult-use cannabis industry nationally or in the states in which the Corporation conducts business or makes investments that might result from changes in laws or the enforcement of existing laws to the failure of individual businesses that might result from volatile market conditions that sometime accompany the development of new markets and industries. Additionally, the medical and adult-use cannabis industry is characterized by fragmented markets, immature companies, inexperienced managers lacking conventional business and financial discipline, a lack of well- known brands, an absence of industry and product standards, ever-shifting legal landscapes with multiple frameworks (from state to state), rapidly shifting public opinion, and a scarcity of capital.

The Corporation may be involved in litigation in the future for the recovery of certain sums owed to it pursuant to legacy consulting agreements

The Corporation has previously been involved in litigation to enforce its rights under legacy consulting agreements entered into by a subsidiary of the Corporation pursuant to which generally the subsidiary assisted an applicant in obtaining a cannabis license in exchange for a permanent royalty on revenue generated by that license, and may seek to do so in the future. Litigation can be costly, and if ultimately unsuccessful, the Corporation may be negatively impacted and may result in an adverse effect on the financial condition of the Corporation.

Ability to manage future growth

The ability to achieve desired growth will depend on the Corporation's ability to identify, evaluate and successfully negotiate investment opportunities with target companies. Achieving this objective in a cost-effective manner will be a product of the Corporation's sourcing capabilities, the management of the investment process, the ability to provide capital on terms that are attractive to target companies and the Corporation's access to financing on acceptable terms. Failure to effectively manage any future growth and successfully negotiate suitable investments could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Lending activities

In connection with certain agreements with parties that hold cannabis licenses, 4Front may also act as lender to such parties. Certain of these loans are unsecured, which places 4Front at a greater risk of not receiving repayment or the value thereof. Even for loans that are secured, there is a risk that other lenders may have priority interest to 4Front or that the assets of the borrower may be insufficient to satisfy the loan. In addition, 4Front may have difficulty putting liens on the assets of a borrower, as the major asset is generally the cannabis license which is not transferrable pursuant to state law. Any inability of a borrower to repay a loan or of 4Front to realize the value of secured assets could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Enforceability of contracts

Since cannabis is illegal at a federal level, judges in multiple U.S. states have on several occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. Therefore, there is uncertainty that the Corporation will be able to legally enforce its agreements, including agreements material to the Corporation.

The Corporation will rely to a great extent on the expertise of the Corporation Board and officers, and any departures may impair the Corporation's businesses and investments

The successful ongoing operation of the Corporation requires substantial expertise. The Corporation Board will have exclusive authority to make decisions and to exercise investment acquisition discretion on behalf of the Corporation. The success of the Corporation will depend to a great extent upon the expertise of the Corporation Board and officers. The loss of the services of any member of the Corporation Board or one or more of the officers could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Security risks

During civil unrest in Chicago, Illinois, one of the Corporation's retail locations was burglarized and sustained a significant amount of property damage in May 2020. The business premises of the Corporation's operating locations may be further targets for theft. While the Corporation has implemented security measures at each location and continue to monitor and improve their security measures, their cultivation, production and dispensary facilities could be subject to break-ins, robberies and other breaches in security. Security breaches which result in the loss of cannabis plants, cannabis oils, cannabis flowers and/or cultivation and production equipment could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Because of the relative lack of credit/debit card payment providers and transactions in the cannabis industry, the Corporation's retail dispensaries handle of those their sales in cash, and large cash balances may build up at any given retailer depending on time of day/week and sales volume. There is a risk of theft or robbery during the transport of cash to one of the Corporation's banks. While the Corporation has taken steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

There are risks associated with well-capitalized entrants developing large-scale operations

As the cannabis industry has rapidly matured, there now exist multiple large cannabis companies with presences in many states, including jurisdictions in which the Corporation operates. Such companies may have better access to and/or lower cost of financing, which could put the Corporation at a disadvantage.

The Corporation is fairly described as an early stage business enterprise

The Corporation is still in the start-up stage business with largely unprofitable operations. The likelihood of the Corporation's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, the development of new strategy and the competitive environment in which the Corporation operates. It is possible that the Corporation will incur substantial losses in the future. There is no guarantee that the Corporation will be profitable.

Risks inherent in an agricultural business

Medical and adult-use cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases and similar agricultural risks. Although the products are usually grown indoors or in green houses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on the production of the Corporation's, or its operating tenants or counterparties', products and, consequentially, on the business, financial condition or results of operations of the Corporation.

The Corporation may be subject to significant competition

A number of other companies engage in, and could engage in, a business similar to the business of the Corporation, operate businesses in competition with the Corporation and purchase assets or make investments that the Corporation also seeks to purchase or make. This competition may increase the price the Corporation must pay for the assets or make it more difficult for the Corporation to operate at a profit and to purchase assets. The inability to operate at a profit and acquire assets on terms favorable to the Corporation may adversely impact the revenue stream that the Corporation anticipates to receive and, thus, adversely impact the ability of the Corporation to pay distributions.

If the number of users of medical cannabis in Canada and the United States increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. In addition, the Corporation expects to face competition from new entrants due to the early stage of the industry in which the Corporation operates. To be competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

The Corporation also faces competition from illegal dispensaries and the black market that are unlicensed and unregulated, and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, and using delivery methods, including edibles and extract vaporizers, that the Corporation is prohibited from offering to individuals as they are not currently permitted by U.S. state law. Any inability or unwillingness of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could result in the perpetuation of the black market for cannabis and/or have a material adverse effect on the perception of cannabis use. Any or all these events could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation has undertaken, and continues to undertake, a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Corporation under Canadian securities law, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and materially adversely affect the trading price of the SVS.

Potential disclosure of personal information to government or regulatory entities

The Corporation owns, manages, and/or provides goods or services to various U.S. state-licensed cannabis operations. Acquiring even a minimal and/or indirect interest in a U.S. state-licensed cannabis business can trigger requirements to disclose investors' personal information. While these requirements vary by jurisdiction, some require interest holders to apply for regulatory approval and to provide tax returns, compensation agreements, fingerprints for background checks, criminal history records and other documents and information. Some states require disclosures of directors, officers and holders of more than a certain percentage of equity of the applicant. While certain states include exceptions for investments in publicly traded entities, not all states do so, and some such exceptions are confined to companies traded on a U.S. securities exchange. If these regulations were to extend to the Corporation, investors would be required to comply with such regulations, or face the possibility that the relevant cannabis license could be revoked or cancelled by the state licensing authority.

Regulatory approval of acquisition and divestments is not certain

The regulatory approval of a cannabis license ownership transfer to the Corporation will be subject to certain conditions, including but not limited to regulator approval which has not yet been received. In addition, the divestments of certain assets of the Corporation, such as certain licensed entities, are subject to approval of the new corporate owner by the regulator as a condition of closing such divestment (collectively, the "**Transactions**"). Such approval may be delayed or not achieved, and the transactions are subject to certain conditions, many of which are outside of the control of the Corporation, and there can be no assurance that the Transactions will be completed, on a timely basis or at all. If the proposed Transactions do not achieve approval, or close for any other reason, the ongoing business of the Corporation may be adversely affected and, without realizing any of the benefits of having completed such Transactions, the Corporation will be subject to a number of risks, including, without limitation, the Corporation may experience negative reactions from the financial markets, including negative impacts on the Corporation's stock price, in the case of a proposed acquisition, the Corporation will need to find an alternative use of any proceeds earmarked for such proposed acquisitions, in the case of a proposed divestment, the Corporation

will not receive the anticipated proceeds of such disposition and accordingly may not be able to execute on other business opportunities for which such proceeds have been earmarked, and matters relating to the proposed acquisitions and dispositions will require substantial commitments of time and resources by management of the Corporation, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to the Corporation.

If Transactions are not completed, the risks described above may materialize and they may have a material adverse effect on the business, financial condition or results of operations of the Corporation. The Company is seeking regulatory approval from the Michigan Marijuana Regulatory Agency for the acquisition of the membership interests of Om of Medicine, LLC. The Company anticipates receiving approval in Q1 2021.

Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures for realizing the benefit from cannabis licenses that could result in materially detrimental consequences to the Corporation

Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures for realizing the benefit from cannabis licenses that could result in materially detrimental consequences to the Corporation.

The Corporation realizes, and will continue to realize, the benefits from cannabis licenses pursuant to a number of different structures, depending on the regulatory requirements from state-to-state, including realizing the economic benefit of cannabis licenses through (i) outright ownership of cannabis licences; (ii) nominee agreements; (iii) management agreements; or (iv) leasing real estate and selling equipment, supplies and licensing intellectual property to licensed cannabis producers. Nominee and management agreements are often required to comply with applicable laws and regulations or are in response to perceived risks that the Corporation determines warrant such arrangements.

In certain states, due to varying ownership requirements and the intention to maximize administrative and operational efficiencies, the Corporation realizes the economic benefits of cannabis licenses through a nominee agreement structure. Pursuant to a typical nominee agreement, an individual, individuals, or a limited liability company with a limited number of members identified by the Corporation (each, a "**Nominee Holder**") has legal ownership of the state-granted dispensary and/or cultivation license or is the registered shareholder of the license holder. Such Nominee Holder transfers the economic interests associated with the license or the beneficial interest in the shareholdings to the Corporation or a subsidiary thereof. The Corporation indemnifies the Nominee Holder for liabilities associated with being a license holder. Pursuant to the Nominee Agreements, Nominee Holders are responsible for the executive management and oversight of the operations of the facility, including hiring employees, and the Corporation provides all capital requirements. All Nominee Holders are directors, officers or employees of 4Front or a 4Front Subsidiary (or, in the case of Nominee Holders that are limited liability companies, the member or members of such LLC are directors, officers or employees of 4Front or a 4Front Subsidiary).

The foregoing structures present various risks to the Corporation, including but not limited to the following risks, each of which could have a material adverse effect on the business, financial condition and results of operations of the Corporation:

- A governmental body or regulatory entity may determine that these structures are in violation of a legal or regulatory requirements or change such legal or regulatory requirements such that an agreement the Corporation is currently party to violates such requirements (where it had not in the past).

- There could be a material and adverse impact on the revenue stream the Corporation intends to receive from or on account of cannabis licenses (as the Corporation is not the license holder, and therefore any economic benefit is received pursuant to a contractual arrangement) if agreements are later held to be invalid.

- These structures could potentially result in the funds being invested by the Corporation being used for unintended purposes, such as to fund litigation.

- If a management agreement or similar structure is in place, the Corporation is not the license holder of the applicable state-issued cannabis license, and therefore, only has contractual rights in respect of any interest in any such license. If the license holder fails to adhere to its contractual agreement with the Corporation, or if the license holder makes, or omits to make, decisions in respect of the license that the Corporation disagrees with, the Corporation will only have contractual recourse and may not have recourse to any regulatory authority.

- The license holder may renege on its obligation to pay fees and other compensation pursuant to, or violate other provisions, of these agreements.

- The license holder's acts or omissions may violate the requirements applicable to it pursuant to the applicable dispensary and/or cultivation license, thus jeopardizing the status and economic value of the license holder (and, by extension, the Corporation).

- In the case of a management agreement, the license holder may terminate the agreement if any loan owing to the Corporation is paid back in full and the license holder is able to pay a break fee.

- The license holder may attempt to terminate the agreements in violation of their express terms.

In any or all of the above situations, it would be difficult and expensive for the Corporation to protect its rights through litigation, arbitration, or similar proceedings.

Investments may be pre-revenue

The Corporation may make investments in companies with no significant sources of operating cash flow and no revenue from operations. The Corporation's investments in such companies are subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Corporation's investment in these pre-revenue companies will not be able to meet anticipated revenue targets or generate no revenue at all. The risk is that underperforming pre-revenue companies may lead to these businesses failing which could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Enforceability of judgments against foreign Subsidiaries

Certain of the Corporation's subsidiaries are organized under the laws of various U.S. states. All of the assets of these entities are located outside of Canada and certain of the experts retained by the Corporation or its affiliates are residents of countries other than Canada. As a result, it may be difficult or impossible for shareholders of the Corporation to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws or otherwise. There is some doubt as to the enforceability in the U.S. by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the U.S. may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the U.S. agrees to hear a claim, it may determine that the local law in the U.S., and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

Results of future clinical research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Corporation believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Further, the Corporation believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by

scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity.

Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Corporation's products with the potential to lead to a material adverse effect on the business, financial condition or results of operations of the Corporation. There is no assurance that such adverse publicity reports or other media attention will not arise.

Environmental risk and regulation

The operations of the Corporation are subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not have a material adverse effect on the business, financial condition or results of operations of the Corporation.

If the products are approved, there is a risk that any federal, state, provincial and/or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Corporation's products are not approved or any existing approvals are rescinded, it may have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Government approvals and permits are currently, and may in the future be, required in connection with the operations of the Corporation. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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. The subsidiaries may be required to compensate those suffering loss or damage by reason of their operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development, and could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Product liability

Certain of the Corporation's subsidiaries manufacture, process and/or distribute products designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused 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 consumption of cannabis products alone or in combination with other medications or substances could occur. Although the Corporation has quality control procedures in place, the Corporation may be subject to various product liability claims, including, among others, that the products produced by the Corporation, or the products purchased by the Corporation from third party licensed producers, 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 could result in increased costs, could adversely affect the reputation of the Corporation, and could have a material adverse effect on the business, financial condition or results of operations of the Corporation. There can be no assurances that product

liability insurance will be obtained or maintained on acceptable terms or with adequate coverage against potential liabilities.

Product recalls

Despite the Corporation's quality control procedures, cultivators, 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 the Corporation, or any of the products purchased by the Corporation from a third party licensed producer, are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall and may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. Additionally, if one of the its products, or one of the products purchased by the Corporation from a third-party licensed producer, were subject to recall, the image of that product and potentially the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Corporation or purchased from a third party producer and could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Reliance on key inputs

The cultivation, extraction and production of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, 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 have a material adverse effect on the business, financial condition or results of operations of the Corporation. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the relevant subsidiary might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

In addition, medical cannabis growing operations consume considerable energy, making the subsidiaries vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the subsidiaries and their ability to operate profitably which may, in turn, adversely impact the Corporation.

Reliance on senior management

The success of the Corporation will depend on the abilities, experience, efforts and industry knowledge of senior management and other key employees of the Corporation including certain of the Key Shareholders. The Corporation cannot assure the continued services of such employees, even if it were to enter into employment agreements. If one or more of its executive officers of the Corporation were unable or unwilling to continue in their present positions, the Corporation might not be able to replace them easily or at all. The long-term loss of the services of any key personnel could have a material adverse effect on business, financial condition, results of operations or prospects. In addition, if any of the executive officers or Key Shareholders of the Corporation joins a competitor or forms a competing Corporation, the Corporation may lose not only know-how, but other key professionals and staff members and such competition will gain an advantage.

Management of growth

As the Corporation grows, the Corporation will also be required to hire, train, supervise and manage new employees. The Corporation may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Corporation's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations. Failure to effectively manage any future growth could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Fraudulent or illegal activity by employees, contractors, and consultants

The Corporation is exposed to the risk that any of its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Corporation that violates, (i) government regulations, (ii) manufacturing standards, (iii) federal and provincial healthcare fraud and abuse laws and regulations, or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Corporation to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Corporation to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Corporation from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Corporation, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business of the Corporation, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the operations of the Corporation, any of which could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Intellectual property

The success of the Corporation will depend, in part, on its ability to maintain and enhance trade secret protection over their existing and potential proprietary techniques and processes. The Corporation may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Corporation. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions. Failure of the Corporation to adequately maintain and enhance protection over their proprietary techniques and processes, as well as over 4Front's unregistered intellectual property could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Operational risks

The Corporation may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; equipment defects, malfunction and failures, changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Corporation's properties, dispensary facilities, grow facilities and extraction facilities, personal injury or death, environmental damage, or have an adverse impact on the Corporation's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have a material adverse effect on the business, financial condition or results of operations of the Corporation. This lack of insurance coverage could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

The Corporation will continuously monitor its operations for quality control and safety. However, there are no assurances that the Corporation's safety procedures will always prevent such damages and the Corporation may be affected by liability or sustain loss in respect of certain risks and hazards. Although the Corporation will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Corporation will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The Corporation may elect not to insure against certain risks due to cost of or ease of procuring such insurance. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Corporation, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Lack of control over operations of investments

Although it is the intent of the Corporation to maintain control or superior rights, the Corporation may co-invest in the future with certain strategic investors or third parties. In these circumstances certain risks can arise. In such cases, the Corporation may rely on its investment partners to execute on their business plans and produce medical and/or recreational cannabis products. The operators of such entities in which the Corporation does not have a controlling interest may have a significant influence over the results of operations of the Corporation's investments. Further, the interests of the Corporation and any co-owners or co-ventures may not always be aligned. As a result, the cash flows of the Corporation are dependent upon the activities of third parties which creates the risk that at any time those third parties may, (i) have business interests or targets that are inconsistent with those of the Corporation, (ii) take action contrary to the Corporation's policies or objectives, (iii) be unable or unwilling to fulfill their obligations under their agreements with the Corporation, or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations.

In addition, payments may flow through such entities over which the Corporation does not exercise control and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which the Corporation is entitled may have a material adverse effect on the business, financial condition or results of operations of the Corporation. In addition, the Corporation must rely, in part, on the accuracy and timeliness of the information it receives from such entities, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by such entities over which the Corporation does not exercise control to 4Front contains material inaccuracies or omissions, the Corporation's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

The Corporation may be subject to risks associated with financial leverage

The Corporation may incur debt, above and beyond any debt already incurred. As funds are borrowed, such financing will increase the risk of an investment in the Corporation's equity because debt service increases the expense of operation of the Corporation. In addition, lenders may require restrictions on future borrowing, distributions and operating policies. The Corporation's ability to meet its debt obligations will depend upon the Corporation's future performance and will be subject to financial, business and other factors affecting the Corporation's business and operations, including general economic conditions. There are no assurances that the Corporation will be able to meet its debt obligations. Additionally, there are no assurances that the Corporation will be able to repay or refinance its existing debt at maturity.

Market, Securities and Other Risks

Holders of Multiple Voting Shares have voting control of the Corporation

As the holders of Multiple Voting Shares, Subordinate Proportionate Voting Shares, and/or Subordinate Voting Shares, Messrs. Joshua Rosen, Trevor Pratte, Karl Chowscano, Andrew Thut, and Kris Krane (the "**Key Shareholders**") exercise in the aggregate approximately 73% of the voting power in respect of the Corporation's outstanding shares. As a result, the Key Shareholders have the ability to control the outcome of all matters submitted to the Corporation's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Corporation.

The concentrated control through the MVS could delay, defer, or prevent a change of control of the Corporation, arrangement involving the Corporation or sale of all or substantially all of the assets of the Corporation that its other shareholders support. Conversely, this concentrated control could allow the holders of MVS to consummate such a transaction that the Corporation's other shareholders do not support. In addition, the holders of MVS may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Corporation's business.

As a board members and/or officers, Messrs. Rosen, Thut, Chowscano and Krane owe a fiduciary duty to the Corporation's shareholders and will be obligated to act honestly and in good faith with a view to the best interests of the Corporation. As shareholders, even controlling shareholders, the Key Shareholders will be entitled to vote their shares, and shares over which they have voting control, in their own interests, which may not always be in the interests of the Corporation or the other shareholders of the Corporation.

Additional Financing

Although the Corporation has recently raised additional debt capital, divested assets, and significantly cut expenses, the Corporation may require additional equity and/or debt financing in order to achieve positive cash flow from operations and/or to repay its long term liabilities when they are due. If the Corporation is required to access capital markets to carry out its development objectives, the state of domestic and international capital markets and other financial systems could affect the Corporation's access to, and cost of, capital. There can be no assurance that additional financing will be available to the Corporation when needed or on terms that are commercially viable. The Corporation's inability to secure financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect on the business, financial condition or results of operations of the Corporation.

The Corporation may issue securities to finance its activities. If additional funds are raised through issuances of equity or convertible debt securities, the ownership interest of existing shareholders may be diluted and some or all of the Corporation's financial measures on a per share basis could be reduced, as the Corporation's intention to issue additional equity securities becomes publicly known, the Corporation's share price may be materially adversely affected. 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 the Corporation to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Pursuant to the terms of the amended and restated securities purchase agreement dated July 31, 2019 among Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., Gotham Green Credit Partners SPV 2, L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., 4Front Ventures Corp., Cannex Holdings (Nevada) Inc., 4Front Ventures Corp., 4Front U.S. Holdings Inc. and Cannex Holdings (Nevada) Inc., as amended on January 29, 2020 and March 20, 2020, the Corporation, Cannex Holdings (Nevada) Inc. and 4Front U.S. Holdings Inc. issued senior secured convertible notes issued on to Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., and Gotham Green Credit Partners SPV 2, L.P (collectively, the "**GGP Notes**"). The holders of the GGP Notes currently are owed approximately $33,500,000 in aggregate principal amount, plus any accrued and unpaid interest. The GGP Notes each become due on November 21, 2021. There is no guarantee that the Corporation will have funds sufficient at that time to repay such notes if the note holders elect not to convert the GGP Notes in accordance with the procedures contained therein. If the Corporation is unable to repay its debts, it may need to file for bankruptcy protection, which will negatively impact the Corporation's ability to repay any capital to its shareholders, which could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

Potential conflicts of interest

The Corporation's operations may present potential conflicts of interest, including, but not limited to, the following:

(1) Other Personal Investments. Certain members of the Corporation Board and certain officers serve in advisory capacities to businesses engaged in the cannabis industry and have equity interests in a business engaged in various aspects of the cannabis industry.

(2) Time Commitment. The officers will be employed on a full-time basis with the Corporation and will devote substantially all of their business time to the Corporation's affairs. The Corporation Board and the officers may spend a portion of their personal time managing other business endeavors, subject to the condition that such personal time not interfere with their respective duties to the Corporation.

(3) Related Party Debt. The Corporation's CEO, Leo Gontmakher, serves as a principal of LI Lending LLC, an existing lender to the Corporation. In the event Mr. Gontmakher's position with LI Lending presents a conflict of interest, Mr. Gontmakher will recuse himself from any negotiations between LI Lending and the Corporation.

Dividends

Holders of the Corporation's Shares will not have a right to dividends on such shares unless declared by the Corporation Board. No dividends were paid in the past, and it is not anticipated that the Corporation will pay any dividends in the foreseeable future. Dividends paid by the Corporation would be subject to tax and, potentially, withholdings. The declaration of dividends is at the discretion of the Corporation Board, even if the Corporation has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the

Corporation's financial results, cash requirements, future prospects and other factors deemed relevant by the Corporation Board.

Certain Tax Risks

THE FOLLOWING IS A DISCUSSION OF CERTAIN MATERIAL TAX RISKS ASSOCIATED WITH THE ACQUISITION AND OWNERSHIP OF UNIT SHARES, WARRANTS AND WARRANT SHARES. THIS PROSPECTUS DOES NOT DISCUSS RISKS ASSOCIATED WITH ANY APPLICABLE STATE, LOCAL, OR FOREIGN TAX LAWS. THE TAX RELATED INFORMATION IN THIS PROSPECTUS DOES NOT CONSTITUTE TAX ADVICE AND IS FOR INFORMATIONAL PURPOSES ONLY. FOR ADVICE ON TAX LAWS APPLICABLE TO A SHAREHOLDER'S INDIVIDUAL TAX SITUATIONS, SHAREHOLDERS SHOULD SEEK THE ADVICE OF THEIR OWN TAX ADVISORS. NO REPRESENTATION OR WARRANTY OF ANY KIND IS MADE BY THE CORPORATION OR ANY OF ITS SHAREHOLDERS OF THE CORPORATION BOARD, ITS OFFICERS, ITS LEGAL COUNSEL, OR ITS OTHER AGENTS AND AFFILIATES WITH RESPECT TO THE ACCEPTANCE BY THE IRS OF THE TAX TREATMENT OF THE UNIT SHARES, WARRANTS AND WARRANT SHARES BY THE CORPORATION. EACH PROSPECTIVE SHAREHOLDER IS URGED TO CONSULT HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES ARISING FROM THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE UNIT SHARES, WARRANTS AND WARRANT SHARES OFFERED HEREBY.

NOTE: Any of these risks or uncertainties could have a material adverse effect on the business, financial condition or results of operations of the Corporation, and impair its ability to satisfy its obligations with respect to the Unit Shares, Warrants and Warrant Shares. The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Unit Shares, Warrants or Warrant Shares. Shareholders should read this entire Prospectus and the accompanying documents and consult with their own advisors before deciding whether to invest in the Unit Shares, Warrants and Warrant Shares.

United States Tax classification of the Corporation

Although the Corporation is and will continue to be a Canadian corporation, the Corporation is treated as a United States corporation for United States federal income tax purposes under section 7874 of the Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Corporation is expected, regardless of any application of section 7874 of the Code, to be treated as being resident of Canada under the Tax Act. As a result, the Corporation will be subject to taxation both in Canada and the United States which could have a material adverse effect on the business, financial condition or results of operations of the Corporation.

It is unlikely that the Corporation will pay any dividends in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Corporation, subject to examination of the relevant treaty. These dividends may however qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Corporation, subject to examination of the relevant treaty.

Because the Unit Shares and Warrant Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Unit Shares and Warrant Shares.

The application of Section 280E of the Code substantially limits the Corporation's ability to deduct certain expenses.

Pursuant to Section 280E of the Code, the ability of any business involved in any trade or business consisting of the trafficking in controlled substances within the meaning of Schedule I and II of the CSA which is prohibited by federal law to take certain deduction is severely limited. Cannabis is currently a controlled substance within the meaning of Schedule I of the CSA. As a result, the taxable income of the Corporation is likely to exceed its actual profits.

Changes in tax laws may affect the operations of the Corporation and the taxation of the interest to shareholders.

The U.S. federal income tax treatment presently in effect with respect to the ownership of an interest in an entity which is involved in a cannabis-related business is a factor in evaluating an investment in the Corporation. There can be no assurance that the U.S. federal income tax treatment of an investment in the Corporation will not be modified, prospectively or retroactively, by legislative, judicial or administrative action, in a manner adverse to the shareholders.

MATERIAL CONTRACTS

The following are the only material contracts, other than those entered into in the ordinary course of business, which the Corporation has entered into since the beginning of the last financial year before the date of this Prospectus or entered into prior to such date but which contract is still in effect:

1. Business Combination Agreement dated March 1, 2019 between 4Front Holdings LLC, 4Front Corp., 1196260 B.C. Ltd. and Cannex Capital Holdings Inc., whereby the parties combined their businesses.

2. Senior secured convertible notes issued by 4Front Ventures Corp., Cannex Holdings (Nevada) Inc. and 4Front U.S. Holdings Inc. on July 31, 2019 to Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., and Gotham Green Credit Partners SPV 2, L.P.

3. Construction Loan Agreements dated May 10, 2019, by and between Linchpin Investors LLC, a subsidiary of the Corporation, and LI Lending LLC.

4. Lock-up agreement dated August 22, 2019, by and among 4Front Ventures Corp. and each of Camelback Ventures, LLC, Joshua Rosen, Trevor Pratte, Karl Chowscano, Andrew Thut, Kris Krane, Leo Gontmakher, Arkadi Gontmakher, Vlad Orlovskii, Oleg Orlovskii, Roman Tkachenko and Glenn Backus.

5. Amended and restated securities purchase agreement dated July 31, 2019 among Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., Gotham Green Credit Partners SPV 2, L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., 4Front Ventures Corp., Cannex Holdings (Nevada) Inc., 4Front Ventures Corp., 4Front U.S. Holdings Inc. and Cannex Holdings (Nevada) Inc., as amended on January 29, 2020 and March 20, 2020.

6. Senior secured convertible notes issued by 4Front Ventures Corp., Cannex Holdings (Nevada) Inc. and 4Front U.S. Holdings Inc. on January 29, 2020 to Gotham Green Fund II (Q), L.P., and Gotham Green Fund II, L.P.

7. Stock purchase agreement dated November 13, 2018 by and among 4Front Holdings LLC, Paul Overgaag, Nathaniel Averill and Healthy Pharms Inc.

8. Industrial building lease dated September 1, 2015 by and between Kinzie Properties, LLC, 2400 Greenleaf Partners, LLC, and IL Grown Medicine LLC, as amended August 5, 2019. The lease term is twenty-two years and four months. At December 31, 2019, the Corporation leased 11,622 square feet of the premises, which increased to encompass the entire premises (93,870 square feet) as of January 1, 2020 pursuant to the August 2019 amendment. Permissible uses of the building are cannabis cultivation, processing, and distribution in accordance with Illinois law. For 2019 the base rent per square foot per year was $10.93, with such rate changing to $6.00 for 2020.

9. Coattail Agreement dated July 31, 2019 among 4Front Ventures Corp., Alliance Trust Company and each of Joshua Rosen, Trevor Pratte, Karl Chowscano, Andrew Thut and Kris Krane.

10. Standard Industrial/Commercial Multi-Tenant Lease dated December 1, 2018, as amended and commencing on February 1, 2019 between Teichman Enterprises, Inc. and Cannex Holdings (California) Inc. with respect to the premises located at 6100 Bandini Boulevard, Commerce, California. The lease term is ten (10) years with an option to extend the lease for an additional ten (10) years. As of the date of the lease, Lessee leased 100,000 square feet of space to be used to process, manufacture, distribute and/or cultivate marijuana per California law with respect to medical and adult recreational use of marijuana, or any other lawful purpose. Lessee has the right of first refusal to rent an additional 70,000 square feet of space. Further, Lessee has the right of first refusal of any proposed sale of the leased premises.

11. Lease agreement between MMA Capital, LLC and 640 Lincoln Street, LLC, effective July 5, 2016 for the premises located at 640 Lincoln Street, Worcester, Massachusetts 01605. The lease term is ten (10) years from the commencement date, with two (2) additional consecutive periods of ten (10) years and (5) years.

12. Amended and restated commercial gross lease between Real Estate Properties, LLC and Superior Gardens, LLC dated January 1, 2019, for the premises located at 9603 and 9631 Lathrop Industrial Drive SW, Olympia, Washington.

13. Lease between Port of Grays Harbour and Fuller Hill Development Co. LLC and Commercial sublease between Fuller Hill Development Co LLC and 7Point Holdings, LLC dated June 1, 2017, as amended on November 10, 2017 and further amended on November 21, 2018, for the premises located at 37 Enterprise Lane, Elma, Washington.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Fasken Martineau DuMoulin LLP, and on behalf of the Underwriters by Borden Ladner Gervais LLP. As of the date hereof, Fasken Martineau DuMoulin LLP, and its partners and associates, Borden Ladner Gervais LLP, and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Davidson & Company LLP ("**Davidson**") is the auditor of the Corporation and has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. The 2019 Financials were prepared by Davidson as auditors to the Corporation

The transfer agent and registrar for the Subordinate Voting Shares is Alliance Trust Company at its principal offices in Calgary, Alberta.

INTERESTS OF EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in this Prospectus:

- Fasken Martineau DuMoulin LLP is the Corporation's counsel with respect to Canadian legal matters herein;

- Borden Ladner Gervais LLP is the Underwriters' counsel with respect to Canadian legal matters herein; and

- Davidson & Company LLP is the Corporation's auditor.

To the knowledge of management, as of the date hereof, each of Fasken Martineau DuMoulin LLP and Borden Lander Gervais LLP held either less than one percent or no securities of the Corporation or of any associate or affiliate of the Corporation.

PURCHASERS' STATUTORY RIGHTS

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

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

CERTIFICATE OF THE CORPORATION

Dated: October 26, 2020

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

(Signed) LEONID GONTMAKHER
Chief Executive Officer

(Signed) NICOLLE DORSEY
Chief Financial Officer

On behalf of the Board of Directors

(Signed) JOSHUA ROSEN
Director

(Signed) ERIC REY
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: October 26, 2020

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

BEACON SECURITIES LIMITED

(Signed) MARIO MARUZZO
Managing Director, Investment Banking

CANACCORD GENUITY CORP.

(Signed) FRANK SULLIVAN
Vice President, Sponsorship, Investment Banking

HAYWOOD SECURITIES INC.

(Signed) ROB BLANCHARD
President