AMENDED AND RESTATED PRELIMINARY PROSPECTUS
IN THE PROVINCE OF ONTARIO
(amending and restating the preliminary prospectus dated April 30, 2020)

Non-Offering Prospectus July 29, 2020

CANBUD DISTRIBUTION CORPORATION

This amended and restated non-offering preliminary prospectus (the "**Prospectus**") is being filed with the Ontario Securities Commission (the "**OSC**") to enable Canbud Distribution Corporation (the "**Company**" or "**Canbud**") to become a reporting issuer pursuant to the securities legislation in Ontario.

Since no securities are being offered or sold pursuant to this Prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There is currently no market through which the common shares (the "Common Shares") of the Company may be sold and shareholders may not be able to resell the Common Shares owned by them. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. See "*Risk Factors*".

The Company has made an initial application for a listing of its Common Shares (the "**Listing**") on the Canadian Securities Exchange (the "**CSE**"). Listing will be subject to the Company fulfilling all of the listing requirements of the CSE, including, without limitation, the distribution of the Company's Common Shares to a minimum number of public shareholders, including meeting all the minimum listing requirements of the CSE.

An investment in securities of the Company involves a high degree of risk and must be considered speculative due to the nature of the Company's business and its present stage of development. An investment in securities of the Company is speculative and involves a high degree of risk. In reviewing the Prospectus, readers should carefully consider the matters described under the heading "*Risk Factors*".

No underwriter has been involved in the preparation of the Prospectus or performed any review or independent due diligence of the contents of the Prospectus.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America.

Investors should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide investors with information different from that contained in this Prospectus. The information contained in the Prospectus is accurate only as of the date of this Prospectus.

The Company's registered office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1.

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GENERAL MATTERS

In evaluating whether or not to purchase securities of the Company, a prospective investor should rely only on all of the information contained in this Prospectus and not on certain parts of this Prospectus to the exclusion of others. No person has been authorized to give any information other than that contained in this Prospectus and, if given or made, such other information or representations must not be relied upon as having been authorized by the Company. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus. The Company's business, financial condition, operating results and prospects of the Company may have changed since the date of this Prospectus.

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The financial statements of the Company contained herein have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking information which reflects expectations of Management regarding the Issuer's, Company's future growth, results of operations, performance and business prospects and opportunities. Often, but not necessarily always, words such as "will", "should", "additional", "affect", "anticipate", "be required", "believe", "budget", "contemplate", "continue", "could", "does not expect", "effect" "estimate", "expect", "intend", "is expected", "may", "plan", "planned", "potential" , "target", "predict", "project", "prospects", "results", "will exist" and similar expressions have been used to identify forward-looking information. This information reflects Management's current beliefs and is based on information currently available to Management. Forward-looking information involves significant risks, uncertainties and assumptions. A number of factors could cause actual results to differ materially from the results discussed in forward-looking information, including those factors listed in the "Risk Factors" section of this Prospectus.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the Company and/or the Company and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the performance characteristics, projections of prices and costs related to the Company's business;
- expectations regarding the Company's ability to raise capital;
- expectations and estimates regarding land capacity, crop yields and its related costs;
- expectations for expansion plans and its related costs;
- estimates of the Company's future revenues and profits;
- the Company's anticipated cash needs, needs for additional financing and use of funds;
- market acceptance of the Company's products;
- debt levels;
- treatment under governmental regulatory and taxation regimes;
- statements relating to the business and future activities of, and developments related to the Company after the date of this Prospectus and thereafter;
- liquidity of the Common Shares following listing of the Common Shares; and
- the potential impact of the COVID-19 pandemic on the Company and/or its operations.

Although the Company believes that the expectations reflected in the forward-looking statements and information in this Prospectus are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward- looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the cannabis industry in general, such as operational risks and production, cultivation risks, risks associated with agriculture operations, delays or changes in plans with respect to capital expenditures, the uncertainty of estimates and projections relating to cultivation, costs and expenses and exchange rate fluctuations, marketing and transportation, environmental risks, competition, business interruption risks, the ability to access sufficient capital from internal and external sources and changes in tax, and environmental legislation. Readers are cautioned that the foregoing list of factors and risks is not exhaustive.

The forward-looking statements and information contained in this Prospectus are made as of the date hereof and, unless so required by applicable law, the Company undertakes no obligation to update publicly or revise any forward- looking statements or information, whether as a result of new information, future events or otherwise. The forward- looking statements and information contained in this Prospectus are expressly qualified by this cautionary statement.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

Unless otherwise indicated, all references to "$" or "CDN" or "dollars" in this Prospectus are to Canadian dollars.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

THE COMPANY

Canbud Distribution Corporation ("**Canbud**" or the "**Company**") was initially incorporated on October 4, 2018 under the *Canada Business Corporations Act* as "Cannabis Clonal Corporation" and on September 19, 2019, the Company filed articles of amendment to (i) change its name to "Canbud Distribution Corporation"; (ii) re-designate its Class A shares to common shares; (iii) decrease the authorized capital of the Company by canceling the unissued Class B shares and deleting the rights, privileges, restrictions and conditions attaching to the Class B shares of the Company; and (iv) remove the private company restrictions.

The Company's registered office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1.

The Company's Business

Canbud is an early stage Canadian science and technology based vertically integrated global cannabis and hemp cannabinoids ("**CBD**") clone to consumer company focused on applying science and technology to better serve the cannabinoid industry. The Company, through its three (3) licensed subsidiaries, Canbud D580H124 Inc., Canbud D2385NR Inc., and Canbud D1726KC Inc., is licensed to grow Hemp CBD for the purposes of supplying the global market with medicinal and wellness cannabidiol and other cannabinoids-based products on leased lands located in McKellar, Ontario, Lakefield Ontario and Kettleby, Ontario, respectively, under three (3) industrial hemp licenses issued by Health Canada. Each licence allows the Company to grow, harvest and sell hemp CBD flowers. The Company works with third party cannabis licensed extraction and manufacturing entities to process the hemp flowers into CBD and other cannabinoid extracts, as well as consumer products. The three leased properties provide the Company with a total of approximately 190 acres (or 8.2 million square feet) of cultivation acreage.

The Company focuses on cost-effective efficient outdoor operations, providing for low capital expenditures as well as low operating expenses, by leasing farm lands and partnering with the land owners. Utilizing natural energy from the sun further reduces the high energy costs faced by typical indoor producers. In addition, the Company relies on its proprietary clonal system (the "**Proprietary Clonal System**") which allows it to increase efficiency and minimize issues arising from cross pollination of hemp plants to produce consistent quality CBD, along with planting using a custom built transplanter machine and a harvesting machine stripping only the hemp flowers, also result in overall cost advantages in the long term. The Company has researched, and continues to refine its business model, based on other hemp CBD growers in United States.

Directors and Officers

The directors and officers of the Company are as follows:

Mukesh (Steve) Singh	Chief Executive Officer, Chairman and Director
Robert Tjandra	President, Chief Operating Officer and Director
Rajkumar (Raj) Ravindran	Chief Financial Officer and Director
Elliot Milian	Chief Strategy Officer
Anthony Viele	Director
David Walters	Director

No Proceeds Raised

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the OSC for the purpose of allowing the Company to become a reporting issuer in the jurisdiction of Ontario and to enable the Company to develop an organized market for its Common Shares. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

Funds Available and Use of Available Funds

As at June 30, 2020 (the most recently completed month before the date of this Prospectus), the Company had unaudited estimated working capital of approximately $743,203 and $752,180 in available funds to advance its business objectives.

The Company's estimated use of funds in the next twelve months is as follows:

Use of Available Funds	Estimated Amount to be Expended ($)
Business Development Costs, including cultivation, land leases and licences(1)	$161,365
General and Administrative, including legal, audit and Listing costs(2)	$511,560
Unallocated working capital	$79,255
Total	**$752,180**

Notes:

(1) See "*Use of Available Funds – Use of Funds for Business Development Costs Relating to Land Leases, Cultivation Operations, Licenses and Research and Development*" below.

(2) See "*Use of Available Funds – General and Administrative Expenses*" below.

The Company had negative cash flow from operations in its most recently completed financial year. The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amounts set forth above may increase if the Company is required to carry out due diligence investigations in regards to any prospective investment or business opportunity or if the costs of the Prospectus or the Listing, or negotiating an applicable transaction, are greater than anticipated. See "*Use of Available Funds*".

The Listing

The Company has submitted an initial application to list its Common Shares on the CSE. Any such listing of its Common Shares on the CSE (the "**Listing**") will be subject to the Company fulfilling all of the listing requirements of the CSE, including, without limitation, the distribution of the Company's Common Shares to a minimum number of public shareholders and the Company meeting the minimum listing requirements of the CSE.

Risk Factors

Due to the nature of the Company's business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to, the ability of the Company to obtain the necessary licences and permits related to its planned operations, limited operating history, uncertainty of future legislation relating to the regulation of the industry in which the Company operates, uncertainty over whether the sufficient funds will be available to the Company to further its business plans and for additional capital requirements, risks related to fluctuations in the value of the Canadian dollar, reliance on management, and competition. For a detailed description of these and other risks see "Risk Factors".

Selected Financial Information

The following selected financial information has been derived from and is qualified in its entirety by the financial statements of the Company and notes thereto. The selected financial information should be read in conjunction with the Company's audited consolidated financial statements for the period from incorporation on October 4, 2018 to and as at year ended December 31, 2019, attached as Appendix B to this Prospectus, together with the related management's discussion and analysis ("**MD&A**") attached as Appendix C to this Prospectus.

The following table sets out selected consolidated financial information for the Company for the periods and as at the dates indicated and is based on the audited consolidated financial statements and related notes which appear elsewhere in this Prospectus, and should be read in conjunction with "Management's Discussion and Analysis" included elsewhere in this Prospectus.

	Year Ended December 31, 2019 (audited) ($)
Revenue	Nil
Operating costs	
Marketing	640
Leased land expenses	188
Allowance for expected credit losses	1,230
Business fees and licences	18,230
Conferences	1,149
Interest and bank charges	596
Office	1,635
Courier	21
Professional fees	43,379
Rental fees	2,962
Telephone, fax and internet	238
Business development costs	408,772

Operating loss	(479,040)
Interest income	8,253
Net Loss and Comprehensive Loss	(470,787)
Basic and diluted net loss per share	(0.02)
Current assets	1,642,661
Total assets	1,886,482
Current liabilities	222,572
Total liabilities	222,572
Shareholders equity	2,134,697

CORPORATE STRUCTURE

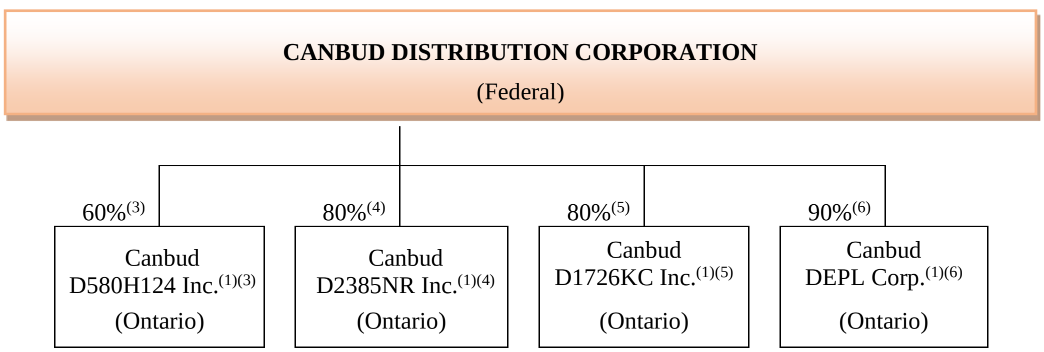
Name and Incorporation

Canbud Distribution Corporation was initially incorporated on October 4, 2018 under the *Canada Business Corporations Act* as "Cannabis Clonal Corporation". On September 19, 2019, the Company filed articles of amendment to, among other things, change its name to "Canbud Distribution Corporation". See "*History of the Business*".

The Company's registered office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1.

Intercorporate Relationship

The following diagram illustrates the intercorporate relationships between the Company and its subsidiaries, as well as the jurisdiction of incorporation of each entity.



Notes:

(1) See "History of the Business".
(2) Canbud D580H124 Inc. was incorporated solely for the purpose of operating the Business on the McKellar Lands.
(3) Canbud D2385NR Inc. was incorporated solely for the purpose of operating the Business on the Lakefield Lands.
(4) Canbud D1726KC Inc. was incorporated solely for the purpose of operating the Business on the Kettleby Lands.
(5) Canbud DEPL Corp. was incorporated for exploring potential distribution channels for distributing CBD products into Europe, in collaboration with Mr. Martin Ciuk, a director of Canbud DEPL and 5% shareholder of the Company. The Company exercises full management control of Canbud DEPL. See "History of the Business – Canbud DEPL".

Canbud D580H124 Inc. was incorporated on July 23, 2019 under the laws of the Province of Ontario.

Canbud D2385NR Inc. was incorporated on October 22, 2019 under the laws of the Province of Ontario.

Canbud D1726KC Inc. was incorporated on October 31, 2019 under the laws of the Province of Ontario.

Canbud DEPL Corp. was incorporated on November 20, 2019 under the laws of the Province of Ontario.

DESCRIPTION OF THE BUSINESS

Overview

The Company is an early stage Canadian science and technology vertically integrated global cannabis and hemp cannabinoids clone to consumer company focused on applying science and technology to better serve the cannabinoids industry. The Company's vision is to be a leader in supplying quality cannabinoid ingredients to industry buyers, as well as quality products to end consumers. The Company, through its three (3) licensed subsidiaries, Canbud D580H124 Inc. ("**Canbud D58**"), Canbud D2385NR Inc. ("**Canbud D23**") and Canbud D1726KC Inc. ("**Canbud D17**"), respectively, is licensed to operate an outdoor hemp CBD cultivation business (the "**Business**") on leased farm land totaling 190 acres, located in McKellar, Ontario, Lakefield, Ontario and Kettleby, Ontario, pursuant to land lease agreements entered into between the land owners and each of its respective subsidiaries (collectively, Canbud D58, Canbud D23 and Canbud D17 are hereinafter referred to as the "**Canbud Licensed Subsidiaries**"). Each license allows the Company to grow, harvest, and sell hemp CBD flowers. The Company works with third party cannabis licensed extraction and manufacturing entities to process the hemp flowers into CBD and other cannabinoid extracts as well as consumer products. The three leased properties provide the Company with a total of approximately 190 acres (or 8.2 million square feet) of cultivation acreage.

The Company aims to provide cost competitive and quality cannabinoid ingredients to consumer packaged good (CPG) companies, and cost competitive and quality products for end user consumers through its proprietary clonal cultivation system, research and development in plant breeding in collaboration with Brock University and other Canadian universities in the future, developing information and communication technology systems to provide data from clone to consumer supply chain, and developing quality products in collaboration with its strategic partners. The Company believes that using outdoor hemp-based cultivation provides a competitive advantage by using natural energy from the sun as one of the key factors. Furthermore, hemp plant fiber can add to revenue streams.

Canbud D58 operates the Business on fifty (50) acres of farmland (of which, fifteen (15) acres is cultivation ready) located in McKellar, Ontario under its industrial hemp license number LIC-OBXIONVJ0K-2019 issued by Health Canada on August 16, 2019 (the "**Canbud D58 License**") (See "*History of the Business – McKellar Property*").

Canbud D23 operates the Business on approximately fifty-five (55) acres of farmable and tillable land located in Lakefield, Ontario, under its industrial hemp license number LIC-7S62J6ZAZR-2019 issued by Health Canada on November 15, 2019 (the "**Canbud D23 License**") (See "*History of the Business – Lakefield Property*").

Canbud D17 operates the Business on approximately eighty-five (85) acres of farmable and tillable land including three buildings located in Kettleby, Ontario, under its industrial hemp license number LIC-MGG9LOM6BH-2019 issued by Health Canada on November 29, 2019 (the "**Canbud D17 License**") (See "*History of the Business – Kettleby Property*").

Each of the CanbudD58 License, the Canbud D23 License and the Canbud D17 License (collectively, the "**Hemp Licenses**") allows the Company to grow and harvest hemp CBD flowers for processing into CBD and other cannabinoids extracts. Each license is valid for 2 years and is renewable. Under each Hemp License, the Company is permitted to cultivate legally allowed strains of hemp in which the concentration of tetrahydrocannabinol ("**THC**") is 0.3% (weight by weight) or less in the flowering heads and leaves. Each Hemp License allows the Company to cultivate for the flowering heads, leaves and branches of the plant, and to sell industrial hemp (e.g. a cannabis plant or any part of that plant in which the concentration of THC does not exceed 0.3%), but the Hemp Licenses do not permit the Company to sell industrial hemp products/derivatives made from flowering heads, leaves, or branches (e.g. CBD/CBD oil) to provincial retailers, consumers or registered medical users, for which a Cannabis medical sales licence is required. The Company has submitted its application to Health Canada for a Medical Sales License, which it expects to receive in November 2020 (see "*Regulatory Consultant - CannDelta Consulting Service Agreement*").

The Company is negotiating with an Israeli company for a right to lease a topical formulation combining CBD with safe and widely used natural herbs. The Company intends to use the research and development from the Israeli company to manufacture and launch the premium CBD products in Ontario, under the Company's brand "My SeeBD", which is currently being developed. In accordance with negotiations between the parties, including a non-binding term sheet entered into between the parties, the Company has agreed to pay, for each formulation, a one-time fee of Euro 3,750 and an ongoing royalty of 10% (the "**Royalty**"), which would only apply to the products produced using the Israeli company's formulation. Products produced under the "My SeeBD" brand are not subject to any royalty. The Royalty obligation will be gradually reduced to zero over five (5) years (or, if prior to such 5-year period, the Royalty reaches USD$1M), at which time the Company will own 100% of the formulation. Negotiations are in the early stages and no definitive agreement has been entered into to date. The Company will not be conducting any business or have a physical presence in Israel.

To progress the Company's potential expansion of its distribution and sales channels into Europe, the Company through its subsidiary Canbud DEPL, commenced negotiating a Memorandum of Understanding with an entity in Poland to distribute CBD extract and products into potential European countries such as Poland, Germany, and Spain. The Company expects to resume negotiations following resumption of business after the COVID-19 pandemic, and the Company intends to continue to seek, develop and negotiate potential working relationships to develop and potentially expand its distribution and sales channels into Europe. Negotiations are still in the early stages, and the Company has not conducted research into the regulatory frameworks, and no work has been done to commence any business plans, in these potential European markets.

The Company currently has 4 employees and 3 consultants based in Ontario, Canada.

History of the Business

Canbud Distribution Corporation was incorporated on October 4, 2018 under the federal laws of Canada under the name "Cannabis Clonal Corporation".

On October 17, 2018, the Canadian Government introduced the *Cannabis Act*, which amongst other things, legalized cannabis for both medical and recreational purposes on a national level, allowing for cannabis retail sales across the country. It also introduced, for the first time, the licensing framework for outdoor cultivation, and licensing under research and development, nursery, and micro-cultivation.

Outdoor Cultivation

The introduction of the *Cannabis Act* in October 2018 instituted, amongst other things, the framework for outdoor cannabis cultivation (noting cultivation previously was confined to indoor operations).

The Company identified this trend towards outdoor cultivation, noting its cost advantages over indoor and greenhouse cultivation, as a market shift towards lower cost production and cannabis derivatives (i.e. oils and extracts). This is supported by a number of recent announcements from market incumbents, notably Emerald Health Therapeutics, WeedMD RX Inc., and 48North Cannabis Corp.

On May 8, 2019, Health Canada announced that, effective immediately, new applicants for licences to cultivate, process or sell cannabis, for either medical or recreational purposes, must now have a fully built site and facility that meets the regulations when they submit their application. Previously, applicants did not require a fully built out site and facility in order to apply for a license. This change in regulations by Health Canada aligns the cannabis licensing process with other federally regulated industries, such as the pharmaceutical industry and its Drug Establishment License, that require facilities to be built out prior to submitting an application. The changes are expected to speed up the time to license once an application is submitted. The Company has leased an industrial office space in connection with its application for a Medical Sales License (see "*Regulatory Consultant - CannDelta Consulting Service Agreement*") to comply with these regulations, in consultation with Health Canada.

As part of the land lease for the Kettleby Property, the Company built a custom "poly plastic" greenhouse (or big hoop house) primarily used for early stage mother plant growth and clone development. Similar greenhouses will be built on the McKellar Property and Lakefield Property for the 2021 cultivation year, commencing in the first quarter of 2021.

Mikono Joint Venture

On April 20, 2019, the Company entered into a letter of intent with Mikono Beauty Inc. (the "**Mikono LOI**"), a skin care product company currently producing its brand "Mikono Beauty" using natural ingredients, to collaborate to develop skin care products with CBD and other non-intoxicating cannabinoids ingredients to serve the global markets.

On May 8, 2019, the Company entered into a definitive agreement with Anthony Murira, a director and owner of Mikono Beauty Inc. (the "**Mikono JV Agreement**"), in accordance with the terms of the Mikono LOI, to form a joint venture company ("**JV Co**") pursuant to which the Company would own 51% and Mikono Beauty would own 49%, to develop and market skin care and wellness beauty products using hemp seed oil and natural ingredients. Under the Mikono JV Agreement, each party is responsible for the capital requirement in accordance with their equity holdings in the JV Co. If Canbud advances the capital required then it is entitled to recover the loan portion to Mikono Beauty from the revenue generated from Mikono Beauty’s portion of the dividend, and such dividend will be enacted from year one of the net profit as agreed to between the parties. Any skin care product or brand developed under the JV Co shall belong to the JV Co. The term of the agreement is one (1) year from the date of signing the Mikono JV Agreement (the "**Term**"). The Mikono JV Agreement can be terminated in its entirety either due to expiry of the Term, or if (i) the JV Co is formed or (ii) the JV Co has not been formed within six (6) months of signing of the Mikono JV Agreement.

On May 24, 2019, pursuant to the terms of the Mikono JV Agreement, the Company incorporated a subsidiary, Alami Beauty Corporation, to operate the joint venture with Mikono Beauty. Pursuant to a share purchase agreement dated June 2, 2020 (the "**Share Purchase Agreement**") entered into between Alami Beauty, Anthony Murira and Robert Tjandra, being all of the directors and shareholders of Alami Beauty, the Company sold its 51% interest in Alami Beauty to Anthony Murira. Under the Share Purchase Agreement, Mr. Murira purchased 5,100 Class A shares in the capital of Alami Beauty, being all of the Class A shares held by the Company, at an aggregate purchase price of $22,000. Upon execution of the Share Purchase Agreement, (i) $11,000 is payable immediately, (ii) the remaining $11,000, plus interest at a rate of 10% per annum, compounded semi-annually not in default, is payable on or before June 30, 2021 and (iii) Mr. Tjandra resigned as a director of Alami Beauty. The share transfer was completed on June 4, 2020 and the transaction closed. As at the date hereof, the Company has no stake in Alami Beauty and it is no longer a subsidiary of the Company.

On July 5, 2019, the Company entered into a letter of intent with Motif Cannabis Ltd. (the "**Motif LOI**"), a toll extraction company, providing for toll extraction of oil from cannabis and hemp materials (the "**Input Material**") and the formulation (the "**Service**s") of same into a variety of bulk and retail products (the "**Processed Products**"). The Motif LOI may be terminated by either party upon the earlier of: (i) the date of execution of the definitive agreement; (ii) the date a party provides written notice to the other party terminating the negotiations; (iii) the date the parties agree in writing to terminate negotiations or (iv) such later date as agreed to by the parties. To date, the parties have not entered into a definitive agreement, which is expected to be finalized once the Company is ready to harvest in late August or early September 2020.

On July 25, 2019 the Company issued a promissory note in favour of HIP Beverage Corp. in the principal amount of $25,000, maturing on November 16, 2019 (the "**Note**"). The Note does not bear any interest. The Company was assessing a potential strategic partnership to anticipate cannabis 2.0 edibles at the time, and the deal with HIP Beverage Corp. did not go through. As of March 31, 2020, $10,000 has been repaid under the Note.

McKellar Property

On July 12, 2019, the Company entered into a definitive agreement (the "**McKellar Agreement**") with Mark Moore ("**MKM**"), Morgan Moore ("**MNM**"), Margaret Ann Moore ("**MAM**"), Terrence Rodrigues ("**TYR**"), RJ Shahi ("**RJS**") and Mary Ann Brunelle ("**MAB**") pursuant to which the parties agreed to further the development of an outdoor hemp CBD cultivation business (the "**Business**") on a two hundred (200) acreage property, with approximately ninety (90) acres of cleared land, commonly identified as 580 Highway 124, McKellar, Ontario, Canada (the "**McKellar Lands**") registered to and owned by MKM, MNM, and MAM. TYR, RJS, and MAB facilitated introductions and other steps necessary to finalize the McKellar Agreement. Pursuant to the terms of the McKellar Agreement, the Company agreed to incorporate a new company to be used primarily for the operation of the Business on the McKellar Lands.

On July 23, 2019, in accordance with the terms of the McKellar Agreement, the Company incorporated a subsidiary, Canbud D580H124 Inc. ("**Canbud D58**"), for the primary purpose of operating the Business on the McKellar Lands.

Pursuant to the terms of the McKellar Agreement, Canbud D58: (i) was incorporated and its board of directors and officers were appointed by the Company; (ii) was incorporated primarily for the purpose of operating the Business on the McKellar Lands; (iii) was authorized to issue the following common shares: 720 Class A voting common shares to the Company and 80 Class B non-voting common shares to each of MKM, MNM, MAM, TYR, RJS and MAB, respectively (collectively, the "**Canbud D58 Shareholders**"); (iv) no dividend on the Class A voting common shares may be declared by Canbud D58 in priority to the declaration of dividends with respect to the Class B non-voting common shares; and (v) as a requirement for the subscription and/or transfer of Class B non-voting common shares to each of the Canbud D58 Shareholders, each such shareholder agreed to enter into a unanimous shareholder agreement (the "**Canbud D58 Shareholder Agreement**") with Canbud D58. Pursuant to the Canbud D58 Shareholder Agreement: (i) no Class B non-voting common shares of Canbud D58 may be transferred except as expressly permitted in accordance with the Canbud D58 Shareholder Agreement; (ii) the Class B non-voting common shares of Canbud D58 may be transferred to, or initially subscribed for by, a body corporate, trust or other person not dealing at arm's length from the Canbud D58 Shareholder for whom such shares were initially intended (in each case, a "**Canbud D58 Associate**"); (iii) pre-emptive rights, such that no transfer of Class B non-voting common shares of Canbud D58 may be permitted to any third party unless and until all existing shareholders, of all classes of shares, have been first offered the opportunity to purchase such shares on a rolling pro-rata basis; (iv) the Canbud D58 Shareholder Agreement shall include drag-along and tag-along provisions with respect to transfers of Class B non-voting common shares to third parties, but shall not include any shotgun buy-sell provisions; (v) resolution of disputes among Canbud D58 Shareholders by way of mediation and binding arbitration; (vi) confidentiality, non-solicitation and non-compete provisions; (vii) customary shareholder representations and warranties; (viii) Canbud D58's year-end shall be December 31; (ix) the financial and business affairs of Canbud D58 shall be managed by the Board, including without limitation approval of financial statements, annual capital and operating budgets, declarations of dividends, salaries and benefits, perquisites, bonuses, employee share plans, and profit and/or equity sharing, incurring and/or repayment of indebtedness and/or pledging of securities on behalf of Canbud D58, creation of security interests over all or less than all of Canbud D58's assets, the entering into on behalf of Canbud D58 of any material contract, agreement, guarantee, indemnity, obligation, liability or other transaction whether or not in the ordinary course of establishing or carrying on the Business and whether or not with arm's length or non-arm's length parties, and incorporation of subsidiaries. The Canbud D58 Shareholder Agreement was entered into as of June 15, 2020, and the shares were issued effective June 18, 2020.

On July 29, 2019, in accordance with the terms of the McKellar Agreement, the Company entered into a land lease agreement (the "**McKellar Land Lease Agreement**") with MKM, MNM and MAM pursuant to which MKM, MNM and MAM would lease the McKellar Lands to the Company, to be assigned to Canbud D58, for the primary purpose of operating the Business, including cultivation of the McKellar Lands commencing with ninety (90) acres currently cleared. In the event that further areas of the McKellar Lands are cleared, then expenses related to such activities, and all other activities related to such newly cleared areas, shall be included as operational expenses of and/or relating to the Business.

The initial term of the McKellar Land Lease Agreement is five (5) years (the "**Initial Term**") commencing on January 1, 2020, automatically renewing for an additional and consecutive five (5) year terms unless Canbud D58, or the Company as its nominee, provides at least ninety (90) days prior written notice before the end of the second year of the Initial Term. The agreement cannot be terminated by the lessor in between cultivation seasons since it would not allow the Company sufficient time to clean up and return the land to the lessor.

The initial lease price for the McKellar Lands is $21,000 per year, payable in twelve (12) equal monthly installments, commencing January 2020. The lease price for the McKellar Lands shall be increased for each subsequent year by the lesser of three percent (3%) or the prevailing local market price. Canbud shall pay a deposit of $3,500 (the "**Deposit**"), which is not refundable if either the Company or Canbud D58 does not proceed with the McKellar Land Lease Agreement, or if Canbud D58 fails to obtain its hemp license from Health Canada. The January 2020 monthly lease installment is to be deducted from the Deposit and the remaining balance of the Deposit is to be applied toward the December 2020 monthly lease installment.

Pursuant to the terms of the McKellar Land Lease Agreement: (i) MKM, MNM and MAM are jointly and severally liable for ensuring title to the McKellar Lands are encumbered and free of any liens during and throughout the lease term as it may be extended. In addition, MKM, MNM and MAM are jointly and severally liable for ensuring property taxes and all other payments with respect to the McKellar Lands are made on a timely basis, and that all permits, consents and zoning for the McKellar Lands, as required to operate the Business, are obtained and maintained. If MKM, MNM and MAM fail to comply with these obligations, the Company is entitled to attend to such compliance at the joint and several expense of MKM, MNM and MAM; and (ii) MKM, MNM and MAM will ensure that the McKellar Lands are accessible, at all times, to the Company, Canbud D58 and their respective personnel, and shall provide such assistance in monitoring the McKellar Lands and the hemp CBD cultivation as the Company or Canbud D58 shall require. As at the date hereof, all permits, consents and zoning relating to the McKellar Lands are in place, which was a requirement for the Company to be granted its hemp cultivation license.

In addition, the McKellar Land Lease Agreement provides that:

(i) all parties are entitled to review the operations on an annual basis to evaluate the profitability of the Business;

(ii) MKM, MNM and MAM, as owners of the McKellar Lands, and as shareholders of Canbud D58, have access to enter the McKellar Lands;

(iii) MKM, MNM or MAM have 24 hour notice for operations personnel to work on the McKellar Lands;

(iv) neither the Company nor Canbud D58 can sublet the McKellar Lands to the other party; and

(v) the Company or Canbud D58 are required to follow prevailing regulatory requirement on insurance for the operations personnel working at the cultivation and farm land.

As part of the permitted uses of the McKellar Lands, the Company or Canbud D58 is entitled to: (i) drill one or more water wells, and take all such other steps as the Company or Canbud D58 deem necessary in their sole discretion, for proper irrigation of the McKellar Lands; (ii) construct or install such facilities, equipment and other items as the Company or Canbud D58 deem necessary in their sole discretion, for drying, storage and all other requirements or reasons in connection with the Business; (iii) take all other steps, and make all other uses of the McKellar Lands as the Company or Canbud D58 deem advisable in their sole discretion in respect of the Business. In the event of termination or expiry of the McKellar Land Lease Agreement for any reason, the Company will have access to the McKellar Lands to dismantle and remove all non-permanent facilities, equipment and other items.

The material terms of the Canbud D58 Shareholders' Agreement are as follows:

(i) the Company will initially provide or procure all capitalization required for the Business (the "**Initial Funding**"), which Initial Funding shall be interest-free if provided by the Company directly. The Initial Funding shall be used for financing the capital expenditures ("**Capex**") and operating expenditures ("**Opex**") of the Business. Capex shall be calculated using the straight-line depreciation method for a maximum of five (5) years or the economic life of the asset, whichever is shorter, and shall be deemed to be an expense in respect of the fiscal year in which such expense is incurred;

(ii) the Company is entitled to recover the Initial Funding on a cash basis from the profits of the Business, where "profit" is equal to earnings after depreciation, amortization, interest and applicable taxes but prior to any dividends or other distributions being authorized or paid to any shareholders; and "cash basis" means the profit position at December 31 of each applicable year where accounts receivable and accounts payable are calculated;

(iii) net profits of the Business, after taking all reasonable reserves for working capital and other deductions and accruals, will be distributed to the Class A voting and the Class B non-voting shareholders on a pro-rata and *pari passu* basis;

(iv) the Company is exclusively responsible for all aspects of the management and operation of the Business, including the day-to-day affairs of Canbud D58;

(v) the Company will license to Canbud D58, solely for use in connection with the Business, the Company's corporate design and logo, Proprietary Clonal System and new developments and/or improvements thereon, as well as the Company's hemp CBD plant strain (collectively, the "**Intellectual Property**"), and all ownership rights in and to such Intellectual Property is and will be at all times owned and controlled by the Company. All URLs, trademarks, trade names, business names, patents, copyrights, logos, designs and drawings and other intellectual property, and all renewals and extensions thereof, throughout the universe in perpetuity which are developed by Canbud D58 or otherwise by and in connection with the Business, is the sole and exclusive property of the Company as and when created, and are deemed to be included in the Intellectual Property;

(vi) the Company and/or Canbud D58 will select personnel based on merit, and their compensation will be in accordance with the Company's and/or Canbud D58's policies and procedures, with compensation at prevailing market rates and/or otherwise as determined by the Company and/or Canbud D58, provided, however that all expenses from the operations of the outdoor hemp CBD cultivation to sales, whether performed by related parties or arm's length parties, shall conform to best practices, cost effectiveness, and fair market prices;

(vii) the parties agree to bound by the mutual non-disclosure and non-circumvention agreement attached as Appendix A to the McKellar Agreement and incorporated therein by reference;

(viii) except to the extent expressly permitted thereunder, no party may assign the McKellar Agreement in whole or in part, without the prior written consent of either the Company and/or Canbud D58, such consent not to be unreasonably withheld or delayed. The Company and/or Canbud D58 may delegate some or all of its duties and/or obligations under the McKellar Agreement and/or assign some or all of its obligations, rights, entitlements, privileges or benefits under the McKellar Agreement to an affiliate, subcontractor or to a purchaser of all or substantially all of the assets or shares of the Company to which the McKellar Agreement relates, without any other party's consent, provided such assignee agrees to be bound by this Agreement. In the event of an asset sale by the Company, the Company is automatically released from its obligations under the McKellar Agreement;

(ix) no party to the McKellar Agreement will make or authorize to be made any announcements, issue any press releases, or use the Intellectual Property in any advertisement, brochure, publicity or promotional materials or message without prior written consent of the Company and/or Canbud D58, which consent may be withheld by the Company and/or Canbud D58 for any reason or no reason. Notwithstanding the foregoing, the Company and/or Canbud D58 is entitled to make and/or authorize all announcements, press releases, marketing, publicity and promotional materials, and any other items which the Company and/or Canbud D58 deems advisable, provided that the Company is required to consult with each party in respect of the first press release issued by the Company with respect to the McKellar Agreement; and

(x) no party is liable for any default or delay in the performance of its obligations under the McKellar Agreement if such default or delay is caused by circumstances beyond the reasonable control of that party including fire, flood, earthquake, elements of nature, acts of God, epidemic, explosion, war, terrorism, revolution, civil commotion, acts of public enemies, or any act or order of government or legal body having jurisdiction, or labour unrest such as strikes, slowdowns, picketing or boycotts (an "**Event of Force Majeure**"), provided that the non-performing party uses commercially reasonable efforts to expeditiously remove the causes of such default or delay and to recommence performance. No party has the right to terminate the McKellar Agreement as a result of an Event of Force Majeure.

On August 16, 2019, Canbud D58 received its hemp license from Health Canada and was issued license number LIC-OBXIONVJ0K-2019 (the "**Canbud D58 License**"). The Canbud D58 License expires on August 16, 2021 at which time the Company intends to apply for a renewal of the licence.

Change of name

On September 19, 2019, the Company filed articles of amendment to: (i) change its name to "Canbud Distribution Corporation"; (ii) re-designate its Class A shares to common shares; (iii) decrease the authorized capital of the Company by canceling the unissued Class B shares and deleting the rights, privileges, restrictions and conditions attaching to the Class B shares of the Company; and (iv) remove the private company restrictions.

Private Placement

On September 26, 2019, the Company completed the first tranche of a non-brokered private placement by issuing 380,000 common shares at a price of $0.10 per common share for aggregate gross proceeds of $38,000.

On December 18, 2019, the Company completed the second tranche of a non-brokered private placement by issuing 1,383,000 common shares at a price of $0.10 per common share for aggregate gross proceeds of $138,300.

CannaProve Master Service Agreement

Pursuant to the CannaProve Master Service Agreement (the "**CannaProve Master Service Agreement**") entered into effective as of October 21, 2019 (the "**Effective Date**") between the Company and 2665397 Ontario Inc., a subsidiary of Northern Block, doing business as CannaProve ("**CannaProve**"), the Company retained the services of CannaProve to perform information technology services and functions (the "**Services**"), all of which are further detailed in a statement of work number (the "**SOW**") dated as of the same date and incorporated by reference, and forms part of, the CannaProve CannaProve Master Service Agreement.

The CannaProve Master Service Agreement was terminated effective January 10, 2020 by mutual consent of the parties when Northern Block, the developer of CannaProve, decided to change its priorities away from the cannabis industry and cancelled the project with the Company. Upon termination, the Company received a full refund of the amount paid to CannaProve under the CannaProve Master Service Agreement due to cancellation of the project by Northern Block. In addition, as a sign of good will, Northern Block provided the Company with the project design and blueprint to allow the Company to continue developing the "clone to consumer" IT platform under the Company's proprietary platform, to be renamed "CanbudProve".

Lakefield Property

On October 19, 2019, the Company entered into a definitive agreement (the "**Lakefield Agreement**") with Ella Murphy ("**ELM**") ,Terrence Rodrigues ("**TYR**"), and Lee Ann Terry ("**LAT**") pursuant to which the parties agreed to further the development of an outdoor hemp CBD cultivation business (the "**Business**") on approximately 55 acres of farmable and tillable land commonly identified as 2385 Northey's Road, Lakefield, Ontario K0L 2H0 (the "**Lakefield Lands**"). Pursuant to the terms of the Lakefield Agreement, the Company agreed to incorporate an Ontario company to be used primarily for the operation of the Business on the Lakefield Lands, excluding the CBD storage and drying facility, and to enter into a land lease agreement with ELM. ELM is the land owner. TYR and LAT facilitated introductions and other steps necessary to finalize the Lakefield Agreement.

On October 22, 2019, in accordance with the terms of the Lakefield Agreement, the Company incorporated a subsidiary, Canbud D2385NR Inc. ("**Canbud D23**"), for the primary purpose of operating the Business on the Lakefield Lands.

Pursuant to the terms of the Lakefield Agreement, the Company through its subsidiary Canbud D23 (the "**Tenant**"), entered into a commercial land lease agreement (the "**Lakefield Land Lease Agreement**") dated October 23, 2019, with ELM (the "**Landlord**") pursuant to which the Landlord agreed to lease to the Tenant commercial farmland consisting of approximately fifty-five acres of cleared and tillable farm, known municipally as 2385 Northey's Road, Lakefield, Ontario K0L 2H0 (the "**Lakefield Lands**") to cultivate, harvest and process industrial hemp CBD crops in compliance with its industrial hemp license to be issued by Health Canada under the *Cannabis Act* and the *Industrial Hemp Regulations*.

The initial term of the Lakefield Land Lease Agreement is three (3) years (the "**Initial Term**") commencing on January 1, 2020 (the "**Commencement Date**") and ending on December 31, 2023 (the "**Termination Date**"), unless earlier terminated by the Company upon one hundred twenty (120) days' prior written notice, prior to the end of the second year of the Initial Term. The agreement cannot be terminated by the Landlord in between cultivation seasons since it would not allow the Tenant sufficient time to clean up and return the land to the Landlord. The Tenant can renew the Lakefield Land Lease Agreement for an additional three (3) year term (the "**Renewal Term**"), as mutually agreed between the parties, upon at least ninety (90) days' notice prior to the end of the Initial Term. A deposit of $1,000 (the "**Deposit**") is payable within two weeks of signing the Lakefield Land Lease Agreement. The base rent of the Lakefield Land Lease Agreement is $500 per month (excluding applicable taxes and utilities) (the "**Base Rent**"), payable monthly on the first of each month, starting on the Commencement Date. The Base Rent is due one week prior to the due date indicated on the bill. The utilities are payable monthly, based on Tenant usage. A 5% charge will apply to late payments, and if payment is not made within 30 days, the Landlord can terminate the Lakefield Land Lease Agreement. The Lakefield Land Lease Agreement is deemed to be terminated if, due to matters not caused by or related to the Tenant, Health Canada does not issue a hemp license, and the Deposit will be forfeited.

Under the Lakefield Land Lease Agreement, the Landlord is entitled to ten (10) percent of the net profit from the operations of Canbud D58 (being, free cashflow from operations less all operating expenses and applicable taxes) in each respective calendar year from January to December, ending on December 31 of each year. Under the Lakefield Land Lease Agreement, the Landlord's duties include: (i) ensuring title to the Lakefield Lands are un-encumbered and free of any liens during and throughout the Initial Term and the Renewal Term; (ii) ensuring timely payment of property taxes and all other payments with respect to the Lakefield Lands; and (iii) obtaining and maintaining all new permits, consents and zoning for the Lakefield Lands as required to operate the business. The Landlord is entitled, pursuant to the Lakefield Land Lease Agreement, to be compensated for any farming activities if and when required by the Tenant. Under the Lakefield Land Lease Agreement, as part of the permitted use of the Lakefield Lands, the Tenant's duties include: (i) drilling one water well provided it does not affect the landowners' private well already existing on the premises; (ii) constructing and/or installing such facilities, equipment and other items for drying, storage and all other requirements to further the business; and (iii) take all other steps, and make all other uses of the Lakefield Lands as the Tenant deems advisable to further the business. If the Lakefield Land Lease Agreement is terminated or expires for any reason, the Tenant has a right to access the Lakefield Lands to dismantle and remove all non-permanent facilities, equipment and other items from the Lakefield Lands. As at the date hereof, all permits, consents and zoning relating to the Lakefield Lands are in place, which was a requirement for the Company to be granted its hemp cultivation license.

On November 15, 2019, Canbud D23 received its hemp license from Health Canada and was issued license number LIC-7S62J6ZAZR-2019 (the "**Canbud D23 License**"). The CanBud D23 License expires on November 15, 2021, and the Company intends to apply for a renewal of the licence.

Kettleby Property

On October 31, 2019, the Company entered into a definitive agreement (the "**Kettleby Agreement**") with Mahshid Seraji and Homayon Zehtab ("**MSHK**"), Terrence Rodrigues ("**TYR**"), Lee Ann Terry ("**LAT**") pursuant to which the parties agreed to further the development of an outdoor hemp CBD cultivation business (the "**Business**") on approximately one hundred (100) acres of land including three buildings commonly identified as 17260 Keele Street, Kettleby, Ontario L0G 1J0 (the "**Kettleby Lands**"). Pursuant to the terms of the Kettleby Agreement, the Company agreed to incorporate an Ontario company to be named "Canbud D1726KC Inc.", to be used primarily for the operation of the Business on the Kettleby Lands, excluding the CBD storage and drying facility, and to enter into a land lease agreement pursuant to which MSHK would lease the Kettleby Lands to Canbud D17. MSHK are the land owners. TYR and LAT facilitated introductions and other steps necessary to finalize the Kettleby Agreement.

Also, on October 31, 2019, in accordance with the terms of the Kettleby Agreement, the Company incorporated a subsidiary, Canbud D1726KC Inc. ("**Canbud D17**"), for the primary purpose of operating the Business on the Kettleby Lands.

Pursuant to the terms of the Kettleby Agreement, the Company through its subsidiary Canbud D17 (the "**Tenant**"), entered into a commercial land lease agreement (the "**Kettleby Land Lease Agreement**") dated October 31, 2019, with MSHK (the "**Landlord**") pursuant to which the Landlord agreed to lease to the Tenant commercial land consisting of approximately 100 acres of farm land (of which eighty-five (85) acres is farmable and tillable), including three buildings, known municipally as 17260 Keele Street, Kettleby, Ontario L0G 1J0 (the "**Kettleby Lands**"), to cultivate, harvest and process industrial hemp CBD crops in accordance with its industrial hemp license to be issued from Health Canada under the *Cannabis Act* and the *Industrial Hemp Regulations*. The Company or a subsidiary of the Company will be permitted to use the three buildings for operations of drying facilities and housing its mobile 40-foot retrofitted container unit.

The initial term of the Kettleby Land Lease Agreement is three (3) years (the "**Initial Term**") commencing on January 1, 2020 (the "**Commencement Date**") and ending on December 31, 2023 (the "**Termination Date**"), unless earlier terminated by the Tenant upon one hundred twenty (120) days' prior written notice, prior to the end of the second year of the Initial Term, following which, the Tenant would be liable for the payment of the Base Rent (as defined below) for only the remaining years in the Initial Term. If the Tenant takes possession of the Kettleby Lands on November 15, 2019, the Tenant will pay utilities commencing November 15, 2019, and the Landlord is responsible for any usage prior to November 15, 2019. The agreement cannot be terminated by the Landlord in between cultivation seasons since it would not allow the Tenant sufficient time to clean up and return the land to the Landlord. The Tenant can renew the Kettleby Land Lease Agreement for an additional three (3) year term (the "**Renewal Term**"), as mutually agreed between the parties, upon at least ninety (90) days' notice prior to the end of the Initial Term. The initial base rent for the Kettleby Lands is $5,000 per month (plus applicable taxes and utilities) (the "**Base Rent**"), payable monthly, starting on the Commencement Date. First months' rent (plus applicable taxes) and a security deposit of two months (plus applicable taxes) can be applied to the last 2 months of the Initial Term under the Kettleby Land Lease Agreement, provided there is no damage to the buildings other than normal wear and tear. The security deposit of two months' rent (plus applicable taxes) is due and payable upon execution of the Kettleby Land Lease Agreement. MSHK will sign and provide the Tenant with Health Canada's Declaration of Landowner's Consent form (the "**Landowner's Consent**") in connection with the Tenant's application for its industrial hemp license for the Kettleby Lands, such application to be submitted within seven (7) business days upon execution of the Landowner's Consent.

The Landlord is entitled, under the Kettleby Land Lease Agreement, to ten (10) percent of the net income ("**Net Income**", "**Net Earnings**" or "**Net Profit**") from the operations of Canbud D17 (calculated as sales minus cost of goods sold, selling, general and administrative expenses, operating expenses, depreciation, interest, taxes, and other expenses resulting from the cultivation and sale of hemp CBD on the Kettleby Lands) in each respective calendar year from January to December, ending on December 31 of each year.

Under the Kettleby Land Lease Agreement, the Landlord's duties include: (i) ensuring title to the Kettleby Lands are un-encumbered and free of any liens during and throughout the lease term as it may be extended except for mortgages and governmental agreement or any agreement or instrument that interferes with the Business; (ii) if there is a lien on the Kettleby Lands, MSHK will use their best efforts to obtain a non-disturbance statement or agreement acknowledged by the lien holder so that Canbud D17's operations on the Kettelby Lands is not stopped or hindered; (iii) ensuring timely payment of property taxes and all other payments with respect to the Kettleby Lands, and if MSHK fail to comply, Canbud D17 will make the timely payments at the expense of MSHK; and (iv) if, as a result of Canbud D17's use of the Kettleby Lands, the property taxes increase, Canbud D17 is responsible only for the additional increased amount. Canbud D17 will be responsible for obtaining, on a timely basis, the necessary licenses to cultivate, harvest, process and transport the hemp biomass.

Subject to making all necessary repairs and remediation to the Kettleby Lands and not causing any environmental hazards regarding the Kettleby Lands, under the Kettleby Land Lease Agreement, as part of the permitted use of the Kettleby Lands, the Tenant's duties include: (i) drilling one or more water wells, and take all such other steps the Tenant deems necessary for proper irrigation of the Kettleby Lands; (ii) constructing and/or installing such facilities, equipment and other items for drying, storage and all other requirements to further the Business; and (iii) take all other steps, and make all other uses of the Kettleby Lands as the Tenant deems advisable to further the Business. If the Kettleby Land Lease Agreement is terminated or expires for any reason, the Tenant has a right to access the Kettleby Lands to dismantle and remove all non-permanent facilities, equipment and other items from the Kettleby Lands, subject to making all repairs for damage created by removal.

On November 29, 2019, Canbud D17 received its hemp license from Health Canada and was issued license number LIC-MGG9LOM6BH-2019 (the "**Canbud D17 License**"). The CanBud D17 License expires on November 29, 2021, and the Company intends to apply for a renewal of the licence.

Regulatory Consultant - CannDelta Consulting Service Agreement

On November 4, 2019, the Company entered into a consulting service agreement (the "**CannDelta Consulting Agreement**") with CannDelta, a Canadian regulatory and scientific cannabis consulting company, and engaged the services of CannDelta to guide, advise and prepare the Company's application to Health Canada for a sale for medical purposes (without possession) licenses (the "**Medical Sales License**"). The Medical Sales License can be issued with possession or without possession. The Medical Sales Licence (without possession) will allow the Company, through its fulfillment e-commerce portal approved by Health Canada, to register patients who require cannabis for their medical needs (registered medical users). The patient information will then get sent to a licensed producer who will deliver the medical cannabis directly to the patient. The patients are required to obtain a prescription from a doctor either in person or through Health Canada's approved tele-health portal. Furthermore, the Medical Sales License will allow the Company to apply to Health Canada for an export permit, issued on a case by case basis, to progress the potential expansion of its distribution channels.

Under the CannDelta Consulting Agreement, the Company pays a service fee of $25,000 plus HST (the "**Service Fee**") to CannDelta, of which 50% (or $12,500 plus HST) is payable upon execution of the CannDelta Consulting Agreement and the remaining balance (plus HST) is to be paid upon completion of the Health Canada licensing application package submission. The CannDelta Consulting Agreement may be terminated by: (i) the Company or CannDelta, at any time, upon 30 days prior written notice to the other party; or (ii) the Company or CannDelta, immediately for cause, if the other party fails to materially perform any of its obligations under the CannDelta Consulting Agreement, or if there is a breach of a material obligation that is not corrected within ten (10) calendar days (unless extended by the innocent party) following notice by the innocent party.

Based upon advice the Company has obtained from CannDelta, the Company anticipates receiving the Medical Sales License around November 2020, and intends to apply for the export permit in connection with the potential expansion of its distribution channels to distribute CBD products into Europe, however, there can be no assurance that the license and permit will be obtained within this anticipated timeframe. The use of a regulatory consultant such as CannDelta helps to reduce unnecessary delays and expenditures in the application process.

There are a number of outdoor cultivators that have already applied to Health Canada for standard and micro outdoor cultivation licenses in the Health Canada application pipeline, and it is the Company's belief that a number of currently licensed indoor cultivators are poised to move into the outdoor space, as recently announced by Emerald Health Therapeutics, WeedMD RX Inc., and 48North Cannabis Corp. In an article in the August 7, 2019 Financial Post newspaper, it was reported that since the first outdoor cultivation license was granted to Good Buds Inc. of Saltspring Island, British Columbia, 13 additional outdoor licenses have been granted. Recipients include WeedMD RX Inc., Canopy Growth Corp, Aleafia Health Inc, 48North Cannabis corp. and Aurora Cannabis Corp.

Given that the legal framework for hemp CBD cultivation has been focused on indoor or greenhouse, there is an industry wide lack of experience in outdoor cultivation methods and genetic strains suitable for such cultivation.

As a result, management believes the Company has the knowledge, skills and experience to develop unique genetic strains of hemp CBD specifically suited for large scale (over 30 acres) outdoor cultivation using its proprietary cloning system. To date, the industry has been driven by indoor growth with cannabis strains specifically developed for indoor growth. The Company's personnel have experience breeding with genetic markers specifically suited for developing superior mother plants for clones geared towards large scale outdoor cultivation. The Company believes its personnel's experience in outdoor cultivation will be not only a differentiating element compared to other companies but also a competitive advantage. In addition, the direct seeding method (plating seeds) used by other large scale outdoor hemp CBD cultivation companies result in significantly lower CBD content yield due to pollination of female plants by male plants (the reduction in CBD content yield could reach up to 50 percent), whereas the Company's proprietary cloning system allows the Company to plant only female clones, thereby producing a higher consistent CBD yield. Although indoor cannabis CBD has several cultivation cycles per year, it has limited scaling up capacity making it unsuitable for outdoor cultivation. Further, outdoor cultivation has significant cost advantages.

As of April 24, 2019, Health Canada issued a total of 173 cannabis licenses. This number grew to 189 by July 12, 2019. With new licenses being granted at an increasing rate, the Company believes genetic and consulting services will see an increase in overall demand as companies look to establish distribution channels, realize efficiencies and differentiate themselves. Additionally, Health Canada data shows that cannabis prices in Canada have been steadily declining since 2013, which the Company believes will be a positive catalyst to cultivating outdoors as producers seek to lower the cost of cultivation.

Canbud DEPL

On November 20, 2019, the Company incorporated a subsidiary, Canbud DEPL Corp. to progress with its business plan for distribution of CBD products and potential expansion into the European marketplace.

Debt settlement

On December 18, 2019, the Company issued 220,000 common shares at a price of $0.10 per share to settle debts of $22,000 with Dr. Hassan, a consultant, SRP Investama Inc., a company owned and controlled by Robert Tjandra, the Chief Operating Officer and director of the Company, and 2619184 Ontario Inc., a company owned and controlled by Rajkumar (Raj) Ravindran, the Chief Financial Officer and a director of the Company. Of the 220,000 common shares issued as part of the debt settlement, 40,000 common shares were issued to SRP Investema Inc., 100,000 common shares were issued to 2619184 Ontario Inc. and 80,000 common shares were issued to Dr. Hassan.

Research and Development

On April 1, 2020 the Company entered into a research agreement with Brock University to investigate the effects of endophytic fungi on growth promotion in hemp. The Company is currently negotiating an additional research and development project with Brock University that focuses on superior hemp cultivar development using "breeding with DNA markers". See "*Business Objectives and Milestones*".

Recent Developments

At the beginning of year 2020 the outbreak of the novel strain of coronavirus, specifically identified as COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The COVID-19 pandemic has created a dramatic slowdown in the global economy. Given the uncertainty surrounding the length and severity of the COVID-19 outbreak (see "*Risk Factors*"), management of the Company decided to adjust its business plan to focus its cultivation and harvesting efforts on its largest property located in Kettleby, Ontario (see "*History of the Business – Kettleby Property*"), which commenced in spring 2020 and will continue into spring 2021, assuming one full cultivation cycle is completed The COVID-19 outbreak and the resultant travel restrictions, physical distancing, government response actions, business closures and business disruptions, have minimally impacted the Company's operations, including but not limited to, delays in commencing planting and cloning process and cultivation, delayed shipments of cultivation equipment and materials, ability to attract (and shortage of) farm workers, suppliers and buyers, reduced workforce productivity, travel limitations on consultants and business partners outside North America who cannot perform site visits, and reduced demand for CBD and hemp products.

As it related to the COVID-19 pandemic, the Company was considered an "Essential Workplace", in multiple categories, as designated by the Ontario Provincial Government. By focusing cultivation on a single property, the Company's business operations remained ongoing and it remained diligent and was following all recommendations from Health Canada sources as Canada deals with the COVID-19 pandemic.

Business Objectives and Goals

Currently, the Company is focusing its cultivation and harvesting efforts on its largest property and commenced cultivation in spring 2020 on the Kettleby Lands as Canada deals with the COVID-19 pandemic.

Since March 31, 2020 to June 30, 2020 (the most recently completed quarter), the Company has expended approximately $387,502 on business development and corporate overhead, including $5,625 on product development and $194,960 on cultivation operations, including land lease and equipment, to progress its business plan to achieve sales and generate revenue on the Kettleby Lands at the end of 2020, and continues to remain substantially in line with its budget and timing estimates.

Set out below is the work and activities completed to date:

1. Cultivation on Kettleby Lands – The Company purchased cultivation and harvesting equipment and machinery, which includes greenhouses to house the cloned plants, a transplanter machine with the capability to plant 1,600 plants per hour, and harvesting equipment to harvest hemp CBD flowers, with the capability to harvest 4 acres per hour. The Company has grown seedlings (plants) in the two retrofitted containers to select female plants as mother plants, completed mother plant selection and commenced the cloning process. The Company prepared the land for planting the clones, and incurred costs relating to the retrofitted containers, growing and selecting mother plants, equipment for planting clones and cultivation equipment purchase and rental. As it relates to the COVID-19 pandemic, the Company has experienced challenges relating to access to manpower (shortage of farm workers), international shipping delays for its equipment which delayed planting, and has been indirectly affected as a result of travel restrictions imposed on certain equipment supplier consultants outside North America who could not perform site visits. As a result of these challenges, the Company reduced the cultivation plot from 85 acres of farmable and tillable land to approximately 30-40 acres, and commenced land preparation and tilling on the reduced plot.

2. Product Development and Sales – In early June 2020, the Company sold its 51% stake in Alami Beauty to Mr. Anthony Muriri pursuant to a share purchase agreement dated June 2, 2020 whereby Mr. Muriri purchased 5,100 Class A common shares (being all of the Class A common shares in the capital of Alami Beauty held by the Company) for an aggregate purchase price of $22,000. Upon execution of the agreement, $11,000 was paid immediately, with the remaining $11,000 due in June 2021. The shares were transferred effective June 4, 2020 and the transaction closed. In order to achieve its next significant business milestone to achieve sales and generate revenue on the Kettleby Lands by the end of 2020, the Company intends to use the proceeds to seek out, discuss and negotiate working relationships to progress its retail/e-commerce distribution to develop and bring to market its own "My SeeBD" brand of topicals to be produced and manufactured in Ontario, Canada, through its partnership with an Israeli-based strategic partner (see Israel Partnership below) and see "*Business Objectives and Milestones*".

3. License with Health Canada – The Company completed criminal checks for all its directors and submitted its application package and attached documents to Health Canada, resulting in consulting fees of $14,125 to CannDelta in connection with the application package process.

4. Israel Partnership – The Company is in negotiations with an Israeli-based strategic partner to develop and bring to market its own "My SeeBD" brand of topicals and health products, to be manufactured and produced in Ontario. The Israeli company has developed products for wellness and health care, however, due to the restrictions and difficulty of exporting Cannabis contained products across international borders, it provides its formulation services and techniques to other companies who can then manufacture or outsource the manufacturing of the products in its home country under its own label, using the formulation and techniques provided. The Israeli company provides the formula and non-cannabis ingredients such as tarpins, if required, to the Company. In return, the Company pays a one-time fee of Euro 3,750 for each formulation and an ongoing royalty of 10% (the "**Royalty**"), which would only apply to the products produced using the Israeli company's formulation. The Royalty obligation will be gradually reduced to zero over five (5) years (or, if prior to such 5-year period, the Royalty reaches USD$1M), at which time the Company will own 100% of the formulation. Products produced under the Company's "My SeeBD" topical brand are not subject to any royalty. To date, the Company has ordered one Stock Keeping Unit (SKU) for sampling and formulation. The Company has ordered one formulation and expended approximately C$5,600 to date. The first sample is expected in the fall of 2020, and sales are expected to commence toward the end of this year.

5. Research and Development – Following initial discussions, the Company introduced a scientist to Brock University's research team and prepared an initial proposal to collaborate, which could potentially assist the University in getting the grants available for industry outreach. The Company's collaboration proposal is currently under review by the University's administration. The Company is waiting for the final research design, which is expected toward the end of the third quarter.

6. Development of Distribution Channels – The Company continues to seek, develop and negotiate potential working relationships, through Canbud DEPL, to progress its business plan for expansion of its distribution channel to export CBD products into Europe. In connection with the foregoing, the Company has applied to Health Canada for a Medical Sales License (for which it has expended $14,125 in consulting fees to CannDelta), which, once issued, will allow the Company to apply for an export permit to carry out this initiative. This project is still in the early stages, and other than the consulting fees paid to date, the Company has not paid any commissions or incurred any costs or expenses to date.

USE OF AVAILABLE FUNDS

This is a non-offering prospectus. The Company is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to the Company in connection with the filing of this Prospectus.

Funds Available and Use of Available Funds

Since its incorporation in October 2018, the Company has relied on equity financings to satisfy its capital requirements and may require further equity capital to finance its development, expansion and acquisition activities moving forward.

As at December 31, 2019 (the end of the most recently completed annual financial period), the Company had negative cash flows from operations. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favorable to the Company as those previously obtained. The unaudited estimated working capital position of the Company as at June 30, 2020 was $743,203 (as at March 31, 2020 was $1,193,118) and as at June 30, 2020 (the most recent month end before the date of this Prospectus) it has $752,180 in available funds. Until the Company completes its initial public offering and raises additional capital, and until it achieves sales and generates revenue on the Kettleby Lands, the Company will continue to fund its business using the proceeds from its completed equity and debt financings and from its working capital.

The Company’s estimated use of funds over the next twelve months is as follows:

Use of Available Funds	**Estimated Amount to be Expended ($)**
Business Development Costs, including cultivation, land leases and licences(1)	$161,365
General and Administrative, including legal, audit and Listing costs(2)	$511,560
Unallocated working capital	$79,255
Total	**$752,180**

Notes:

(1) See "*Use of Available Funds – Use of Funds for Business Development Costs Relating to Land Leases, Cultivation Operations, Licenses and Research and Development*" below.

(2) See "*Use of Available Funds – General and Administrative Expenses*" below.

A detailed summary of the allocation of the available funds for business development costs relating to land lease, cultivation operations, licenses and research and development is as follows:

Use of Funds for Business Development Costs Relating to Land Leases, Cultivation Operations, Licenses and Research and Development	**Funds to be Expended ($)**
Land Leases(1)	$95,580
Cultivation Operations:	
1. Equipment Purchase and Rental	$19,406
2. Manpower and Materials	$38,979
Health Canada Licenses	$2,400
Research and Development(2)	$5,000
Total	**$161,365**

Notes:

(1) Comprised of monthly land lease payments allocated to the Kettleby property ($5,650 per month), McKellar property ($1,750 per month) and Lakefield property ($565 per month).

(2) Relating to collaboration with Brock University.

The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amounts set forth above may increase if the Company is required to carry out due diligence investigations in regards to any prospective investment or business opportunity or if the costs of the Prospectus or the Listing, or negotiating an applicable transaction, are greater than anticipated. See "*Use of Available Funds*".

Other than disclosed above, the Company does not anticipate that the further development of its topical product line or research and development will require any material additional capital expenditure or use of available funds over the next twelve months.

General and Administrative Expenses

The Company’s working capital available to fund ongoing operations will be sufficient to fund its business milestones and objectives and administrative costs for the next twelve months. Estimated general and administrative expenditures during this period are comprised of the following:

Description	**Amount Allocated ($)**
Executive and Administrative Salaries and Contractors' Compensation(1)	$380,835
Sales and General and Administrative Expenses, including Office Rent(2)	$40,525
Legal, Audit and Listing Costs	$90,200
Total	**$511,560**

Notes:

(1) Comprised of $290,000 allocated to executive and administrative salaries and $90,835 allocated to consultants.

Business Objectives and Milestones

As at June 30, 2020 (the most recently completed month end before the date of this Prospectus), the Company has $752,180 in available funds to advance its business objectives and in the next twelve months the Company expects to:

1. Complete cultivation (2020) season on Kettleby Lands – Due to planting delays as a result of the COVID-19 pandemic and a shortage of farm workers, the Company intends to complete the harvest by the end of September in order to successfully cultivate on approximately 30 to 40 acres to harvest for quality flowers to be extracted and for wholesale distribution. The entire harvesting process includes cloning, planting and harvesting and drying of the hemp CBD flowers, which is expected to be completed by the end of October 2020. The expected remaining costs to complete this initiative, as it relates to cultivation operation expenses, including equipment purchase and rentals, materials and manpower, is expected to be approximately $61,666. See "*Use of Available Funds – Use of Funds for Business Development Costs Relating to Land Leases, Cultivation Operations, Licenses and Research and Development*".

2. Receive Medical Sales License –The Company submitted its application to Health Canada in May 2020 and expects to receive its Medical Sales License in fall 2020 at which point the Company can commence operations permitted under this license, including seeking an export permit with Health Canada to seek further opportunities for potential distribution channels into the Europe marketplace. The expected remaining costs to complete this initiative (not including registration or administrative costs related to launching its fulfillment e-commerce portal), is expected to be approximately $2,400 in consulting fees.

3. Begin Cultivation on McKellar Lands – Other than monthly land lease payments of $1,750 per month, there are no additional costs associated with the McKellar Lands for the remainder of 2020 while the Company focuses its cultivation and harvesting efforts on the Kettelby Lands with a goal to complete one full (2020) cultivation cycle. Based on industry standard cultivation and harvest cycles, the Company intends to begin planting and outdoor cultivation in Spring of 2021, which will be subject to numerous factors, including the length, severity and impact on business operations in connection with the COVID-19 pandemic. See "*Risk Factors*".

4. Begin Cultivation on Lakefield Lands - Other than monthly land lease payments of $565 per month, there were no additional costs associated with the Lakefield Lands for the 2020 cultivation season while the Company focused its cultivation and harvesting efforts on the Kettleby Lands. Based on industry standard cultivation and harvest cycles, the Company intends to prepare the land to commence outdoor cultivation in Spring of 2021, which will be subject to numerous factors, including the duration, severity and impact on business operations in connection with the COVID-19 global pandemic. See "*Risk Factors*".

5. Research and Development – The Company intends to progress its collaboration with Brock University and has submitted an initial proposal to collaborate, which is currently under review by administration staff at the University. The Company is waiting for the final research and design which is expected in fall 2020 at which point the total expected remaining cost to complete this objective is $5,000.

6. Product Development – The Company intends to progress the development of its retail/e-commerce distribution to further develop and launch its own brand "My SeeBD" line of topicals in collaboration with its Israeli based strategic partner.

7. General and Administrative Expenses and Unallocated Working Capital - The Company anticipates that its general and administrative expenses, including legal, audit and listing costs to be $90,200 and its unallocated working capital to be $79,255.

The Listing

The Company has applied to list its Common Shares on the CSE. Any such listing of its Common Shares on the CSE (the "**Listing**") will be subject to the Company's fulfilling all of the listing requirements of the CSE, including, without limitation, the distribution of the Company's Common Shares to a minimum number of public shareholders and the Company meeting the minimum listing requirements of the CSE.

Dividends

The Company has not declared or paid any dividends. The Board will determine if and when dividends should be declared and paid in the future based upon the Company's financial position at the relevant time. There are no restrictions in the Company's articles of incorporation or bylaws that prevent it from declaring dividends. Holders of Common Shares are entitled to an equal share in any dividends declared and paid.

SELECTED FINANCIAL INFORMATION

Selected Financial Information of the Company

The following selected financial information has been derived from and is qualified in its entirety by the financial statements of the Company and notes thereto. The selected should be read in conjunction with:

- the Company's audited consolidated financial statements for the year ended and as at December 31, 2019 and the period from incorporation on October 4, 2018 to and as at December 31, 2019, attached as Appendix B to this Prospectus, together with the related management's discussion and analysis ("**MD&A**") attached as Appendix C to this Prospectus.

The following table sets out selected consolidated financial information for the Company for the periods and as at the dates indicated and is based on the audited consolidated financial statements and related notes which appear elsewhere in this Prospectus, and should be read in conjunction with "Management's Discussion and Analysis" included elsewhere in this Prospectus.

	Year Ended December 31, 2019 (audited) ($)
Operating costs	
Marketing	640
Leased land expenses	188
Allowance for expected credit losses	1,230
Business fees and licences	18,230
Conferences	1,149
Interest and bank charges	596
Office	1,635
Courier	21
Professional fees	43,379
Rental fees	2,962
Telephone, fax and internet	238
Business development costs	408,772
Operating loss	(479,040)
Interest income	8,253
Net Loss and Comprehensive Loss	(470,787)
Basic and diluted net loss per share	(0.02)
Current assets	1,642,661
Total assets	1,886,482
Current liabilities	222,572
Total liabilities	222,572
Shareholders equity	2,134,697

Note: The Company has not yet generated revenue from its operations.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management’s discussion and analysis ("**MD&A**") of the Company for the financial year ended December 31, 2019 is included as Appendix C to this Prospectus and should be read in conjunction with the unaudited interim and audited consolidated financial statements of the Company for the year ended December 31, 2019 and the related notes to which the MD&A relates. The financial statements and the financial data derived therefrom and included in this Prospectus have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts referred to in the MD&A are expressed in Canadian dollars, unless otherwise indicated.

DESCRIPTION OF SECURITIES

Common Shares

The Company is authorized to issue an unlimited number of Common Shares, of which there are currently 38,288,000 Common Shares issued and outstanding. All the issued Common Shares are fully paid and are not subject to any future call or assessment. All of the issued Common Shares rank equally as to voting rights, participation and a distribution of the Company’s assets on liquidation, dissolution or winding-up and the entitlement to dividends. Holders of Common Shares are entitled to receive notice of, attend and vote at all meetings of shareholders of the Company. Each Common Share carries one vote at such meetings. Holders of Common Shares are entitled to dividends if and when declared by the directors and, upon liquidation, to receive such portion of the assets of the Company as may be distributable to such holders. There are currently no other series or class of shares which rank senior, in priority to, or *pari passu* with the Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

DIVIDEND POLICY

The Company has not paid any dividends on the Common Shares since incorporation and currently intends to retain future earnings, if any, to finance further business development. The declaration of dividends on Common Shares remains within the discretion of the Board and will depend on a variety of factors, including future earnings, capital requirements, operating and financial condition and a number of other factors that the Board considers to be appropriate. There are no restrictions on the ability of the Company to pay dividends in the future.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital structure of the Company, on a consolidated basis, since December 31, 2019, the date of the Company’s most recent financial statements. On the date of this Prospectus, the Company had 38,288,000 Common Shares and no other securities issued and outstanding.

PRIOR SALES OF SECURITIES

The following table summarizes the sales of Common Shares and other securities convertible into Common Shares by the Company within the 12 months prior to the date of this Prospectus.

Date	Aggregate Number and Type of Securities Issue	Aggregate Proceeds	Price per Security
April 30, 2019	20,000,000(1) Common Shares	$400,000	$0.02
May 15, 2019	16,525,000(2) Common Shares	$1,652,500	$0.10
September 26, 2019	380,000(3) Common Shares	$38,000	$0.10
December 18, 2019	1,163,000(3) Common Shares	$138,300	$0.10
December 18, 2019	220,000(4) Common Shares	$22,000	$0.10

Notes:

(1) Founder shares issued to various advisors, arm’s length parties and certain related parties, including Mukesh (Steve) Singh, the Chief Executive Officer and a director of the Company (8,400,000 common shares), SRP Investama Inc., a company owned and controlled by Robert Tjandra, the President, Chief Operating Officer and a director of the Company (2,850,000 common shares), Anthony Viele, a director of the Company (100,000 common shares), David Walters, a director of the Company (100,000 common shares), 8teen Holdings Family Trust, a trust maintained by Elliot Milian, the non-executive Chief Strategy Officer of the Company (200,000 common shares) and 2619184 Ontario Inc., a company owned and controlled by Raj Ravindran, the Chief Financial Officer and a director of the Company (1,350,000 common shares).

(2) Issued pursuant to a private placement closing in one tranche on May 15, 2019.

(3) Issued pursuant to a private placement closing in two tranches on September 26, 2019 and December 18, 2019, respectively.

(4) Issued pursuant to debt settlements with an arm’s length creditor, and with Robert Tjandra, the Chief Operating Officer and director of the Company and 2619184 Ontario Inc., a company owned and controlled by Rajkumar (Raj) Ravindran, the Chief Financial Officer and a director of the Company. Of the 220,000 Common Shares issued as part of the debt settlement, 40,000 Common Shares were issued to Robert Tjandra and 100,000 Common Shares were issued to 2619184 Ontario Inc. See "*History of the Business*".

ESCROWED SECURITIES

As at the date of this Prospectus, there are no Common Shares or other securities of the Company held in escrow or subject to a contractual restriction on transfer. In connection with the Company's application for listing on the CSE, the CSE may impose escrow arrangements on certain holders of Common Shares in accordance with the policies of the CSE (the "**CSE Policies**").

In the event that the Common Shares are approved for listing on the CSE, all Common Shares held by a Related Person as of the date on which the Common Shares are listed for trading on the CSE are subject to escrow restrictions in accordance with the CSE Policies. Under the CSE Policies, the Related Persons of the Company are its directors and officers, the Company's promoter, and any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total Common Shares. In accordance with National Policy 46-201 *Escrow for Initial Public Offerings* ("**NP 46-201**"), the Company may be required to enter into an escrow agreement with its "principals" (as defined below). In accordance with NP 46-201, all shares of an issuer owned or controlled by its principals are required to be placed in escrow at the time of the issuer's initial public offering, unless the shares held by the principal or issuable to the principal upon conversion of convertible securities held by the principal collectively represent less than 1% of the voting rights attaching to the total issued and outstanding securities of the issuer after giving effect to the initial public offering.

Under NP 46-201, a "principal" is: (a) a person who has acted as a promoter of the Company within two years of the date of this prospectus; (b) a director or senior officer of the Company at the time of this prospectus; (c) a person that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the date of this prospectus; and (d) a person that: (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the date of this prospectus; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company. A principal's spouse and their relatives that live at the same address as the principal will be deemed principals and any securities of the Company held by such a person will be subject to the escrow requirements.

The CSE Policies require that the securities subject to escrow be governed by the form of escrow agreement under NP 46-201. Pursuant to the Escrow Agreement to be entered into between the Company, the Escrow Agent, and the directors, officers and insiders of the Company, a total of 13,390,000 Common Shares (the "**Escrow Securities**") will be deposited into escrow with the Escrow Agent immediately following the listing of the Company on the CSE (the "**Listing Date**"). The following table discloses securities of the Company which will be held in escrow pursuant to the Escrow Agreement:

Designation of Class	Number of Escrowed Securities	Percentage of Class
Common Shares	8,400,000(1)	21.94%
Common Shares	2,850,000(2)	7.44%
Common Shares	40,000(3)	0.10%
Common Shares	1,450,000(4)	3.79%
Common Shares	200,000(5)	0.52%
Common Shares	350,000(6)	0.91%
Common Shares	100,000(7)	0.26%
Total	13,390,000	

Notes:

(1) Held by Mukesh (Steve) Singh, the Chief Executive Officer, Chairman and a director of the Company.
(2) Held by SRP Investama Inc., a company owned and controlled by Robert Tjandra, the President, Chief Operating Officer and a director of the Company.
(3) Held by Robert Tjandra, the President, Chief Operating Officer and a director of the Company.
(4) Held by 2619184 Ontario Inc., a company owned and controlled by Rajkumar (Raj) Ravindran, the Chief Financial Officer and a director of the Company.
(5) Held by8teen Holdings Family Trust, a trust maintained by Elliot Milian, the non-executive Chief Strategy Officer of the Company.
(6) Held by Anthony Viele, a director of the Company.
(7) Held by David Walters, a director of the Company.

The Escrow Securities shall not be released unless listing of the Common Shares is completed by the Company. On the Listing Date, it is expected that the Company will be classified as an "emerging issuer" for the purposes of NP 46-201, and the following automatic timed releases will apply to the Escrowed Securities:

On the Listing Date	1/10 of the Escrowed Securities
6 months after the Listing Date	1/6 of the remaining Escrowed Securities
12 months after the Listing Date	1/5 of the remaining Escrowed Securities
18 months after the Listing Date	1/4 of the remaining Escrowed Securities
24 months after the Listing Date	1/3 of the remaining Escrowed Securities
30 months after the Listing Date	1/2 of the remaining Escrowed Securities
36 months after the Listing Date	the remaining Escrowed Securities

PRINCIPAL SECURITYHOLDERS

As of the date of this Prospectus, the following persons beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the outstanding voting rights attached to the Common Shares:

Name	Designation of Class	Type of Ownership	Number of Common Shares owned	Percentage of outstanding Common Shares
Mukesh (Steve) Singh	Common Shares	Direct	8,400,000	21.94%

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, province or state, and country of residence, position held with the Company, principal occupation and number of Common Shares beneficially owned by each person who is a director, executive officer and promoter of the Company. All directors have been elected to serve until the next annual meeting of shareholders of the Company, subject to earlier resignation or removal.

Name, Position with the Company, and Province or State, and Country of Residence	Director/Officer Since	Principal Occupation for the Past Five Years	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly(1)
Mukesh (Steve) Singh(2) Chief Executive Officer and Director Toronto, Canada	October 4, 2018	CEO and director of the Company; a majority shareholder of ThreeD Capital Inc., a Canadian-based venture capital firm focused on investments in promising, early stage companies (November 2017 to February 2018).	8,400,000 (21.94%)
Robert Tjandra President, Chief Operating Officer and Director Toronto, Canada	October 4, 2018	President, COO and director of the Company; Director of Bow Energy Ltd. (December 2015 to February 2018), an oil and natural gas company acquired by Petrolia Energy Corporation pursuant to a plan of arrangement completed on February 27, 2018.	2,890,000(3) (7.55%)
Rajkumar (Raj) Ravindran Chief Financial Officer and Director Toronto, Canada	May 1, 2019	CFO and director of the Company since May 2019; Vice President, Business Development at Ensign Capital Inc., a Toronto based merchant bank and Exempt Market Dealer licensed in Ontario and British Columbia (to December 2019); interim CEO/CFO at Ziplocal Inc., an online search technology company (May 2016 to September 2016), acquired by Intercap Inc. pursuant to a take-over bid completed on August 22, 2017.	1,450,000(4) (3.79%)
Anthony Viele(2)(5) Director(5) Woodbridge, Ontario	May 29, 2020	Director of Manganese X (TSXV: MN), a mining company; Director of Trueclaim Exploration Inc. (CSE: NWES) from July 2018 to October 2019, which merged with New Wave Esports Corp., a competitive-gaming focused investment company; CEO of Adent Capital (NEX: ANT.H), a capital pool company (March 2017 to January 2018), which merged with Khiron Life Sciences Corp., a Columbian based medical cannabis company;	350,000 (0.91%)
David Walters(2)(5) Director Toronto, Ontario	May 29, 2020	Director of Ensign Capital Inc., a Toronto based merchant bank; Director of Bird River Resources Inc., a publicly listed company on the Canadian Securities Exchange.	100,000 (0.26%)

Notes:

(1) Percentage is based on 38,288,000 Common Shares issued and outstanding as of the date of this Prospectus.
(2) Member of the Audit Committee.
(3) 2,850,000 common shares are held through SRP Investama Inc., a company owned and controlled by Robert Tjandra.
(4) Held through 2619184 Ontario Inc., a company owned and controlled by Rajkumar (Raj) Ravindran.
(5) Messrs. Viele and Walters were elected directors of the Company effective May 29, 2020.

Director and Management Biographies

The following are brief biographies of the executive officers and directors of the Company:

Mukesh (Steve) Singh, Chief Executive Officer and Director, Age 55

Mr. Mukesh (Steve) Singh is one of the co-founders of Canbud and was appointed CEO of the Company in October 2018. Mr. Singh is an experienced investor and entrepreneur and he has been an independent investor since 2005 before which he worked in real estate finance with a major Canadian chartered bank from 1985 to 2005. Mr. Singh has been an investor in the cannabis space for several years and understands the industry intimately. As at the date hereof, Mr. Singh has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Singh is an independent contractor of the Company and intends to devote his full time to the Company.

Robert Tjandra, President, Chief Operating Officer and Director, Age 58

Mr. Robert Tjandra graduated from University of Toronto with a BSc in Geology Specialist and Mathematics Minor. He also obtained his MBA from the Philippine School of Business Administration. Mr. Tjandra is one of the co-founders of Canbud and was appointed Chief Operating Officer and President of the Company in October 2018. Mr. Tjandra started his career in the energy sector with BP, following that he became an entrepreneur. He has started and grew successful companies in various sectors, such as prestressed concrete piles manufacturing, oil and gas supply and service, and chemical trading companies. For the last five years, Mr. Tjandra has been involved in renewable energy, technology, and agro-energy businesses. He served as a director at Bow Energy Ltd., an oil and natural gas company acquired by Petrolia Energy Corporation pursuant to a plan of arrangement completed on February 27, 2018, and CEO at Alfa Star Hydro Ltd., a privately held renewable energy company. Mr. Tjandra's knowledge of the cannabis business comes from his experience in the agro-energy business he was involved with. As at the date hereof, Mr. Tjandra has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Tjandra is an independent contractor of the Company and intends to devote his full time to the Company.

Rajkumar (Raj) Ravindran, Chief Financial Officer and Director, Age 50

Mr. Rajkumar (Raj) Ravindran graduated from Moscow’s Institute of Fine Chemical Technology with a MSc in Petro-Chemical Engineering. He also holds a PhD in Industrial Economics from Moscow, Russia and an MBA in finance from Concordia University in Montreal, Canada. In addition, he is a CFA charterholder and a member of the CFA Institute. Mr. Ravindran is one of the co-founders and was appointed CFO of the Company in February 2019. Mr. Ravindran is an entrepreneur, analyst and licensed dealer representative. For the past five years he was involved with numerous projects including ThinkingNorth, a venture capital platform as co-founder and VP, and most recently, as VP, business development and licensed Dealer Representative at Ensign Capital Inc. (to December 2019), a Toronto based merchant bank and Exempt Market Dealer licensed in Ontario and British Columbia. Mr. Ravindran has practical experience in the cannabis industry as an investor, dealer and analyst. As at the date hereof, Mr. Ravindran has not entered into a non-competition or non-disclosure agreement with the Company. He is an independent contractor of the Company and will devote 25% of his time to the Company.

Anthony Viele, Director, Age 62

Mr. Viele has been an entrepreneur for over 40 years. He began his career in 1976 starting a small business manufacturing light automotive product that ran for 20 years. His experience and education is hands on, with an in-depth understanding of the fundamentals of running a business. He went on to start a consulting/marketing business specializing in high value products such as High Tec machining to composites material in the industrial and military space. In 2018, he was the CEO of Adent Capital Corp. when it merged with Khiron Life Sciences Corp., a Columbian based medical cannabis company. Prior thereto, he was a director of Friday Capital Inc. when it merged with Hit Technologies Inc., operating as HitCase, which designs, manufactures and distributes mobile accessories. Recently, he was a director of Trueclaim Exploration Inc. when it merged with New Wave Esports Corp., a competitive-gaming focused investment company. He currently consults companies to develop successful business strategies and objectives. Currently he is a director of Manganese X, working to develop the first Manganese mine in North America. Mr. Viele was a director of a medical marijuana company and understands the cannabis business. As at the date hereof, Mr. Viele has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Viele is an independent contractor of the Company and intends to devote 10% of his time to the Company.

David Walters, Director, Age 59

Mr. Walters has been a finance executive for over 30 years. He has had a career in corporate finance, institutional sales, compliance and management in several IIROC and Exempt Market Dealer organizations. Mr. Walters is a graduate of the Royal Military College and holds an MBA from the University of Western Ontario. He also is a Chartered Financial Analyst (CFA) which he achieved during his tenure in the investment industry in Calgary and Toronto. He was previously CEO of Longford Energy and Managing Director of the WATT Energy Limited Partnerships. He is currently a director of Ensign Capital Inc., a Toronto based merchant bank and Bird River Resources Inc., a publicly listed company on the Canadian Securities Exchange. Mr. Walters was involved in many financings in the Cannabis/hemp industry and has an in-depth knowledge of the industry. As at the date hereof, Mr. Walters has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Walters is an independent contractor of the Company and intends to devote 10% of his time to the Company.

Corporate Cease Trade Orders or Bankruptcies

No current director, proposed director or executive officer of the Company, , is, as at the date of this Prospectus, or within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to an order that was issued while the director, proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the director, proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above paragraph, "order" means a cease trade order, an order similar to a cease trade order; or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Bankruptcies

No directoror executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

None of the Company's directors or officers has individually, within the 10 years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Conflicts of Interest

Other than disclosed herein, there are no known existing or potential conflicts of interest among the Company and its directors, officers or other members of management as a result of their outside business interests except that certain of the Company's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. As required by law, each of the directors of the Company is required to act honestly, in good faith and in the best interests of the Company. In the event of a conflict of interest, the Company will follow the requirements and procedures of applicable corporate and securities legislation and applicable exchange policies, including the relevant provisions of the CBCA.

EXECUTIVE COMPENSATION

Named Executive Officers

The following statement of executive compensation is prepared in accordance with Form 51-102F6V of National Instrument 51-102 - *Continuous Disclosure Obligations*. As used in this Prospectus, a "**Named Executive Officer**" or "**NEO**" means each of the following individuals:

(a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (a "**CEO**"), including an individual performing functions similar to a CEO;

(b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (a "**CFO**"), including an individual performing functions similar to a CFO;

(c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year; and

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

For the year ended December 31, 2019, the Company had the following three (3) NEOs: Mukesh (Steve) Singh, Chief Executive Officer, Robert Tjandra, President and Chief Operating Officer and Rajkumar (Raj) Ravindran, Chief Financial Officer.

Director and Named Executive Officer Compensation

Director and named executive officer compensation, excluding compensation securities

The following table sets forth a summary of the compensation paid to the NEO's and the Directors for the two most recently completed financial years ended on December 31, 2019 and 2018.

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of Stock option[(1)] ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Mukesh (Steve) Singh Chief Executive Officer and Director	2019	90,000	nil	nil	nil	nil	90,000
	2018	nil	nil	nil	nil	nil	nil
Robert Tjandra President, Chief Operating Officer and Director	2019	66,000	nil	nil	nil	nil	66,000
	2018	nil	nil	nil	nil	nil	nil
Rajkumar (Raj) Ravindran Chief Financial Officer and Director	2019	41,000	nil	nil	nil	nil	41,000
	2018	nil	nil	nil	nil	nil	nil
Anthony Viele[(1)] Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
David Walters[(1)] Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil

Notes:

(1) Messrs. Viele and Walters were elected directors of the Company effective May 29, 2020.

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors. The directors of the Company may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Directors are also eligible to receive incentive stock options to purchase Common Shares of the Company under the Company's stock option plan.

Outstanding Share-Based Awards and Option-Based Awards

None of the Company’s directors or NEOs owned any compensation securities as at the date of the Company’s most recently completed financial year on December 31, 2019. No director or NEO has exercised any compensation securities during the most recently completed financial year.

Employment, Consulting and Management Contracts

Except as set out below, the Company has no arrangements that provide for payments to its Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company, its subsidiaries or affiliates or a change in a Named Executive Officer’s responsibilities.

Robert Tjandra

Pursuant to a consulting agreement entered into on March 1, 2019, the Company retained the services of Robert Tjandra to provide assistance with business and corporate development matters of the Company (the "**Tjandra Agreement**"). The initial term of the Tjandra Agreement is one year (the "**Term**") from execution unless earlier terminated by either party upon thirty days’ prior written notice. In accordance with the terms of the Tjandra Agreement, Mr. Tjandra receives a monthly consulting fee of $7,000, payable monthly within three working days of receipt of an invoice from Mr. Tjandra.

Rajkumar (Raj) Ravindran

Pursuant to a consulting agreement entered into on March 1, 2019, the Company engaged 2619184 Ontario Inc. ("**261**") and engaged the services of Rajkumar (Raj) Ravindran, the President and sole director of 261, to provide assistance with business and corporate development matters of the Company (the "**Ravindran Agreement**"). The initial term of the Ravindran Agreement is one year (the "**Term**") from execution unless earlier terminated by either party upon thirty days’ prior written notice. In accordance with the terms of the Ravindran Agreement, Mr. Ravindran receives a monthly consulting fee of $4,500, payable monthly within three working days of receipt of an invoice from Mr. Ravindran.

Mukesh (Steve) Singh

Pursuant to a consulting agreement entered into on March 1, 2019, the Company retained the services of Mukesh (Steve) Singh to provide assistance with business and corporate development matters of the Company (the "**Singh Agreement**"). The initial term of the Singh Agreement is one year (the "**Term**") from execution unless earlier terminated by either party upon thirty days’ prior written notice. In accordance with the terms of the Singh Agreement, Mr. Singh receives a monthly consulting fee of $10,000, payable monthly within three working days of receipt of an invoice from Mr. Singh.

No Named Executive Officer is entitled to payments or benefits from the Company upon termination of his services or a change of control (except in accordance with applicable laws).

Compensation Discussion and Analysis

Director and NEO compensation

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. Compensation for this financial year and prior financial years have historically been based upon a negotiated salary, with bonuses potentially being paid as an incentive for performance.

The Company does not have a compensation committee and the Board, as a whole, has the responsibility to administer compensation policies related to the executive management of the Company. The Board makes all decisions with respect to compensation matters for directors and NEO’s. While these functions are currently performed by the Board as a whole, this policy may be reviewed in the future depending on the circumstances of the Company. The Board periodically reviews the compensation paid to the Company’s officers, directors, and key employees, ensuring that such compensation realistically reflects the responsibilities of such positions and based on such factors as time commitment and level of responsibility, comparative fees paid by other companies in same industry, and the Company’s current position as a venture Company.

Pension Plan Benefits

There are no pension plan benefits in place for the NEOs.

Gender Diversity in Executive Officer Positions

The Company has not adopted a formal policy which specifies targets regarding the representation of women in executive officer positions or on its board of directors. While the Company believes that diversity, including gender diversity, is an important consideration in determining the makeup of its executive team, it is only one of a number of factors (which include merit, talent, experience, expertise, leadership capabilities, innovative thinking and strategic agility), that are considered in selecting the best candidates for executive positions. At the present time, none of the current members of the Company's executive team are women.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company's directors or executive officers, or associates or affiliates of the foregoing persons is indebted to the Company or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

AUDIT COMMITTEE

The primary function of the audit committee of the Board (the "**Audit Committee**") is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company. In accordance with NI 52-110, information with respect to the Company's audit committee is contained below. The full text of the Audit Committee Charter, as passed unanimously by the board of directors, is attached to this Prospectus as Appendix "A".

Composition of the Audit Committee

The Audit Committee is composed of Messrs. David Walters (Chair), Anthony Viele and Mukesh (Steve) Singh, each of whom is a director and financially literate. Messrs. Walters and Viele are each independent in accordance with NI 52-110.

Relevant Education and Experience

For details regarding the relevant education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, please see "*Directors and Executive Officers*".

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year did the Board decline to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year did the Company rely on (a) the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions). The Company is relying upon the exemption in Section 6.1 (Venture Issuers) of NI 52-110.

Pre-Approval Policies and Procedures for Non-Audit Services

As at the date of this Prospectus, the Audit Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

External Auditor Service Fees

The following table sets out the aggregate fees billed by the external auditor from incorporation on October 4, 2018 to and for the year ended December 31, 2019.

Financial Period	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2019	$25,000	-	-	-

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the board of directors of the Company, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the board of directors and who are charged with the day to day management of the Company. The board of directors is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision-making. NP 58-201 establishes corporate governance guidelines which apply to all public companies. In light of these guidelines, the Company has instituted its own corporate governance practices.

Board of Directors

The Board is responsible for the stewardship and the general supervision of the management of the business and for acting in the best interests of the Company and its shareholders. The Board is currently composed of five (5) directors, being Mukesh (Steve) Singh (Chair), Robert Tjandra, Rajkumar (Raj) Ravindran, David Walters and Anthony Viele. Of these directors, Messrs. Walters and Viele are "independent" within the meaning of NI 58-101. Consistent with NI 58-101, to be considered "independent", the Board of Directors must conclude that a director has no "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the director’s independent judgment and includes an indirect material relationship. Messrs. Singh, Tjandra and Ravindran are not independent due to their current and previous executive offices held with the Company.

NP 58-201 suggests that the board of directors of reporting issuers should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Company. A material relationship is a relationship that could, in the view of the board of directors, reasonably interfere with the exercise of a director’s independent judgment. In addition, the independent judgment of the Board in carrying out its responsibilities is the responsibility of all directors. The Board facilitates independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the Board has access to the Company’s external auditors, legal counsel and to any of the Company’s officers.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. To facilitate open and candid discussion among its independent directors, such directors are encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Company.

Other Directorships

The following directors are currently directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions:

Director	Name of Reporting Issuer(s)	Stock Exchange
Anthony Viele	Manganese X	TSXV
David Walters	Bird River Resources Inc.	CSE

Orientation and Continuing Education

The Board does not have a formal orientation and education program for new directors. Upon joining the Board, each director is provided with an orientation program regarding the role of the Board, its committees and its directors, and the nature and operation of the Company’s current and past business. New directors are also provided with a copy of the Audit Committee Charter. The Board encourages directors to participate in continuing education opportunities in order to ensure that the directors may maintain or enhance their skills and abilities as directors, and maintain a current and thorough understanding of the Company’s business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law, and the restrictions placed by the CBCA on an individual director’s participation in decisions of the Board in which the director has an interest have helped to ensure that the Board operates independently of management and in the best interests of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of the Company also serves as a director or officer of another company engaged in similar business activities to the Company, that director must comply with the conflict of interest provisions of the CBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors that evoke such a conflict.

Nomination of Directors

The Company does not have a stand-alone nomination committee. The full Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the industry are consulted for possible candidates.

Compensation

The Company has not provided compensation to members of the Board or the Company's Chairman at any time and does not intend to provide compensation to any director or the Chairman in the near term other than through awards under any equity incentive plan that the Company may in the future adopt.

Other Board Committees

The Board of Directors has no other committees other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees. On an ongoing annual basis, the Board assesses the performance of the Board as a whole, each of the individual directors and each committee of the Board in order to satisfy itself that each is functioning effectively.

LISTING OF COMMON SHARES

The Company intends to apply to list its securities on the CSE. Listing is subject to the Company's fulfillment of all CSE listing requirements, which includes the Company becoming a reporting issuer in a Canadian jurisdiction. As at the date of the Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

RISK FACTORS

Management of the Company believes that the risks described below are the material risks relating to the market environment of the Company and the operations of the Company as at the date of this Prospectus, although the information below does not purport to be an exhaustive list or summary of all of the risks that the Company may encounter. Additional risks and uncertainties not known to the Company as of the date of this Prospectus, or that the Company deems to be immaterial as at the date of this Prospectus, may also have an adverse effect on its business.

An investment in securities of the Company is highly speculative and involves a high degree of risk and should only be made by investors who can afford to lose their entire investment.

An investment in the Company's securities involves a high degree of risk. Potential investors should carefully consider the following information about these risks, together with the information contained in the Company's continuous disclosure record available through the internet on SEDAR at www.sedar.com before any purchase or sale of such securities. If any of the events or results contemplated in this section actually occurs, the business, financial condition and prospects of the Company and the Company could be materially adversely affected. In that case, the value of any securities of the Company could also decline and investors could lose all or part of their investment.

The risks and uncertainties described below are those that the Company's management believes are material, but these risks and uncertainties may not be the only ones that the Company may face. Additional risks and uncertainties, including those that the Company's management currently are not aware of or deem immaterial, may also result in decreased operating revenues, increased operating expenses or other events that could result in a decline in the value of any securities of the Company. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Prospectus.

An investment in the securities of the Company is highly speculative due to, among other things, the nature of the business the Company plans to conduct, uncertainties related to the Company's ability to obtain sufficient financing to carry out its planned business, and its early stage of development.

Overview

The business to be carried on by the Company is subject to a number of risk factors. An investment in the securities of the Company is suitable only to those investors who are willing to risk the loss of their entire investment. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. An investment in the securities of the Company is speculative and involves a high degree of risk due to the nature of the Company's business.

Risks Relating to the Industry

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. The Company considers such competitors to include North48 and WeedMD based in Canada and Charlotte's Web based in the United States. Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of certain aspects of the industry. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. While most laws and regulations seemingly deters this type of takeover, this industry remains quite nascent, so what the landscape will be in the future remains largely unknown, which in itself is a risk. The Company may also face competition in pricing of cannabinoid extract or finished products from producers in other low cost jurisdictions such as Colombia, and other parts of Asia. These jurisdictions have climate advantage over Canada which would allow them to grow almost year long. Furthermore, some of those jurisdictions will also have lower labor cost advantage. Accordingly, the price pressure from these jurisdictions may result in lowering of the Company profitability. Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support. The Company may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Industry Changes on the Company's Operations

The hemp industry, in general, is undergoing significant changes, primarily due to technological developments. These developments have resulted in the availability of alternative forms of crop enhancing technologies. It is impossible to accurately predict the effect that these and other new technological developments may have. These uncertainties as well as others outlined herein may have a negative impact on the Company's operations and could result in the complete failure of its business.

Regulatory licensing in the jurisdictions in which the Company plans to operate

Successful execution of the Company's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all the requisite licenses, permits and other regulatory approvals (the "**Regulatory Approvals**"). Failure to receive the necessary Regulatory Approvals, comply with requirements of the Regulatory Approvals or maintain the Regulatory Approvals in good standing, will have a material adverse impact on the business, financial condition and operating results of the Company.

Although the Company believes it will be able to qualify for the Regulatory Approvals and meet requirements thereof, there can be no guarantee that the relevant regulators will accept the Company's applications for the Regulatory Approvals or, if they do, whether such regulators will continue to be satisfied with the Company's maintenance of the Regulatory Approvals.

The commercial hemp industry is an evolving industry and the Company cannot predict the impact of the compliance regimes in Canada or elsewhere. Similarly, the Company cannot predict the time required to secure all appropriate Regulatory Approvals for its products, or the extent of testing and documentation that may be required by the relevant governmental and regulatory authorities. The impact of the applicable compliance regimes, and any delays in obtaining, or failure to obtain, Regulatory Approvals, may significantly delay or impact the development of markets, products and sales initiatives, and could have a material adverse effect on the business, financial condition and operating results of the Company. The Company cannot predict the time required to secure all appropriate Regulatory Approvals for its products, or the extent of testing and documentation that may be required by governmental and regulatory authorities. Any delays in obtaining, or failure to obtain, necessary Regulatory Approvals will significantly delay the development of markets and products, and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks associated with agricultural operations

Since the Company's business will revolve mainly around the growth of industrial hemp, an agricultural product, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. There is not guarantee that changes in outside weather and climate will not adversely affect production. Further, any rise in energy costs may have a material adverse effect on the Company's ability to produce industrial hemp mainly through the cost of fertilizers.

Fluctuating prices of raw materials

The Company's revenues, if any, are expected to be in large part derived from the production, sale and distribution of hemp. The Company will not be insulated from the price variation of raw material to produce, sale of hemp hearts, hemp seed oil, CBD oil and hemp fibre for local and international markets and the price of raw material may increase as a result of competition for the same raw materials. The effect of these factors on the price of product produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

Risks Relating to the Operations of the Company

Negative Cash Flow from Operations

The Company currently has negative operating cash flow and it is possible the Company may have negative cash flow in any future period as the Company continues to progress its expansion plans and its capacity of operations. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations.

Additional Financing

The Company may require equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms that are commercially viable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. 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 Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Early Stage of Development

The Company has not commenced commercial operations as at December 31, 2019, and has yet to generate revenue from the sale of products to date. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Cultivation Risks

The Company's business may in the future involve the growing of cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. The Company expects that any such growing will be completed outdoors, and there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Changes in Laws, Regulations and Guidelines

On December 20, 2017, the Prime Minister communicated that the Canadian Federal Government intends to legalize cannabis in the summer of 2018, despite previous reports of a July 1, 2018 deadline. On June 7, 2018, Bill C45 passed the third reading in the Senate with a number of amendments to the language of the Cannabis Act. On June 20, 2018, Prime Minister Trudeau announced that cannabis would be legal by October 17, 2018. On June 21, 2018, the Government of Canada announced that Bill C-45 received Royal Assent. Bill-C-45 will come into force on October 17, 2018. On July 11, 2018, the regulations made pursuant 27 to the Cannabis Act were published. The regulations under the Cannabis Act contemplate the various licences including cultivation, processing, analytical testing, sale (including medical sales), analytical testing and scientific research. The regulations introduced the nursery and made outdoor cultivation permissible. Finally, the requirements for packaging and labelling of products for both medical and non-medical consumption were explicitly set forth. The impact of changes in the regulatory enforcement by Health Canada under the Cannabis Act and its regulations, particularly in respect of product packaging, labelling, marketing, advertising and promotions and product approvals and its impact on the Company's business are unknown at this time.

In addition, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for adult use purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company. For example, the Provinces of Québec and New Brunswick have announced sales and distribution models that would create government-controlled monopolies over the legal retail and distribution of cannabis.

Legislative or Regulatory Reform and Compliance

The commercial cannabis industry is a new industry and the Company anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action. The Company's operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

Negative Customer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements both in Canada and in other countries, media attention and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical or recreational purposes, including unexpected safety or efficacy concerns. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and the business, results of operations and financial condition of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity (whether or not accurate or with merit), could have an adverse effect on any demand for the Company's services and products which could have a material adverse effect on the Company's business, financial condition and results of operations. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Constraints on Marketing Products

In view of the restrictions on marketing, advertising and promotional activities set forth in the Cannabis Act and related regulations, the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

Reliance on Industry Participants

The Company will rely on third party industry participants, suppliers, contractors and joint venture parties in executing its business strategy and operations. As a result, the Company may be exposed to third party credit risk through its contractual arrangements with its current or future suppliers, contractors and joint venture parties. In the event that such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its ability to implement its business strategy and operations. In addition, the Company may be unable to exert influence over the strategic decisions made in respect of properties that are subject to such contractual arrangements.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Company will make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Company's ability to realize anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management will continually assess the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets will be periodically disposed of, so that the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Company, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Company.

Availability of Key Personnel

As the Company grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of cannabis research and development, cultivation of cannabis and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Company. Without adequate personnel and expertise, the growth of the Company's business may suffer.

Ability to Maintain Bank Accounts

While the Company does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks could increase costs for the Company. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Company may be required to seek alternative payment solutions. If the industry was to move towards alternative payment solutions the Company would have to adopt policies and protocols to manage these changes. The Company's inability to manage such risks may adversely affect its operations and financial performance.

Volatility of Stock Price and Market Conditions

In recent years, the securities markets in Canada has experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration and early development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The results of the Company's planned exploration activities cannot be predicted. The results of these tests will inevitably affect the Company's decisions related to further exploration and/or production on any properties that the Company may explore in the future and could trigger major changes in the trading price of the shares of the Company. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the shares of the Company will be subject to market trends generally, notwithstanding the financial and operational performance of the Company.

Management of Growth

The Company 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 Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Dividends

The Company does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Intellectual Property

The success of the Company will depend, in part, on the ability to maintain and enhance trade secret protection over the various existing and potential proprietary techniques and processes of the Company. The Company 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 Company. 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.

Insurance Coverage

The Company will require insurance coverage for a number of risks. Although Management believes that the events and amounts of liability covered by such insurance policies should be reasonable, taking into account the risks relevant to the Company's business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects, could be adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

Operational Risks

The Company may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's property and leased office premise, personal injury or death, environmental damage, adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition on the Company. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Environmental Regulation and Risks

The Company's operations are subject to environmental regulation. 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 and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of 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 Company may be required to compensate those suffering loss or damage by reason of its 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 cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Risks Related to Legal Proceedings

The entities that will comprise the Company may be involved in various legal disputes and there is no guarantee that these disputes will be resolved in favour of the Company. As such, certain fines, penalties or damages may have to be paid by the Company, which may have a significant impact on profitability.

Operation Permits and Authorizations

The Company may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate the businesses. In addition, the Company may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on a Licensee's ability to operate in the cannabis industry, which could have a material adverse effect on the Company's business.

Liability, Enforcement Complaints, etc.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, provincial, or local governmental authorities against it. Litigation, complaints, and enforcement actions involving the business could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and employees. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Conflicts of interest

Certain of the Company’s directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company’s interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company’s best interests. However, in conflict of interest situations, the Company’s directors and officers may owe the same duty to another Company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

General Risk Factors

Limited history of operations

The Company's operations are subject to all of the risks inherent in the establishment of a new business. The likelihood of the Company's success must be considered in light of the risks, problems, expenses and delays frequently encountered in connection with the formation of a new business in general, as well as the highly competitive environment in which the business is operating. To address these risks, the Company must, among other things, continue to respond to competitive developments, product failure causing personal injury and property damage, attract, retain and motivate qualified personnel, commercialize products, and implement and successfully execute its marketing strategy and advertising sales strategy. There can be no assurance that the Company will be successful in addressing such risks.

Costs of Maintaining a Public Listing

As a public Company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a Company’s legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

No Revenues Generated from Operations and Additional Capital Requirements

As of the date of this Prospectus, the Company has limited working capital. If the Company is unable to generate sufficient revenues to cover operating expenses or raise additional funds after the 12 months or during the 12 months should the Company determine to undertake additional projects outside of its current business plan, the Company will be unlikely to expand its business operations.

Ability to Attract Additional Capital

The Company's business model contemplates sales within the first month of operation, however due to the Covid-19 global pandemic, the Company expects sales after the harvest in Q4 2020. The Company is anticipating revenue from its sales to finance an increased level of operations. In the event that its early operations are not profitable, the Company will need to raise additional capital from outside investment. There are no guarantees that the Company will be able to raise such capital, or that if the Company is able to do so, that it will be on favorable terms. Early failures are likely to make such additional financing difficult to obtain and the Company may not be able to raise any additional capital, if required.

Cost Overruns will affect Results of Operations

The costs of marketing/selling the Company’s products may be increased by factors beyond the Company's control. Such factors may include weather conditions, taxation, labor disputes, governmental regulations, equipment breakdowns and other production disruptions. While the Company intends to engage qualified personnel, the risk of running over budget is always significant and may have a substantial adverse impact on the Company's profitability.

Reliance on Officers and Directors and Retention of Qualified Employees

The Company's current operations are managed by its officers and directors, and should its officers and directors resign, the Company would have no personnel to undertake its operations and therefore the Company would be adversely affected. The Company's future operations may depend, in part, on its ability to attract, employ and retain additional qualified employees. No assurance can be given that the Company will be able to attract or retain such personnel, if required.

Reliance on Consultants and Employees

The Company expects to be dependent upon contract service providers (regulatory, legal and accounting, and includes farm works contracted through an employment agency), and loss of their services could adversely affect the Company's business and its ability to maintain its operations or develop new products. The Company has not entered into any employment or non-competition agreements with any individuals and do not plan to in the future. The Company's success will depend on its ability to attract and retain qualified personnel. If the Company cannot attract and retain the necessary individuals, its operating results will suffer.

Uninsured or Uninsurable Risks

The Company may be subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Risks Associated with Transportation Disruptions

The Company will depend on fast, cost-effective and efficient transportation services to distribute its product. Any prolonged disruption of this transportation service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier service used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

COVID-19

At the beginning of year 2020 the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could materially and adversely affect the Company plans and activities. The Company cannot accurately predict the future impact COVID-19 may have on, among others, the: (i) disruption to operations, travel and trade restrictions, (ii) demand for CBD and hemp products, (iii) severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and machinery and equipment supply lines, (iv) availability of essential equipment and supplies, (v) purchasing power of the Canadian dollar, or (vi) ability of the Company to obtain funding. At the date of this Prospectus, the Canadian government has not introduced measures which specifically impede the activities of the Company. The Company believes that the business of the Company will continue as presently conducted and contemplated and, accordingly, the current situation created by the COVID-19 outbreak does not affect the business of the Company. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in the future.

The Company is seeking to mitigate these impacts through taking current conditions into account in preparing its estimates and expectations, focusing cultivation efforts on a single property, building relationships with potential buyers and suppliers, finding alternate suppliers in North America for equipment purchases and implementing a business continuity plan. The Company continues to monitor developments in order to adapt and respond in order to protect the health and safety of the Company's employees, business partners and the best interests of the Company, and is preparing for the anticipated easing of provincial pandemic restrictions over the coming months.

PROMOTERS

Robert Tjandra, the President, Chief Operating Officer and a director of the Company and Rajkumar (Raj) Ravindran, the Chief Financial Officer and a director of the Company, may be considered to be promoters of the Company under applicable Canadian securities legislation given their initiatives in organizing the Company. Information about Messrs. Tjandra and Ravindran is disclosed elsewhere in this Prospectus in connection with their roles as officers and directors of the Company. See "*Directors and Executive Officers*" and "Executive Compensation".

Mr. Tjandra beneficially owns, or has control over, directly or indirectly, 2,890,000 Common Shares representing approximately 7.55% of the issued and outstanding Common Shares on an undiluted basis.

Mr. Ravindran beneficially owns, or has control over, directly or indirectly, 1,450,000 Common Shares representing approximately 3.79% of the issued and outstanding Common Shares on an undiluted basis.

Other than as disclosed in this section and under the heading "Executive Compensation" or elsewhere in this Prospectus, no person who was a promoter of the Company within the last two years:

1. received anything of value directly or indirectly from the Company or a subsidiary;

2. sold or otherwise transferred any asset to the Company or a subsidiary within the last 2 years;

3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;

4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;

5. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

6. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not, and since December 31, 2019 (the beginning of the most recently completed financial year for which financial statements of the Company are included in this Prospectus), has not been, subject to any legal proceedings. None of its properties are, or during such period have been, the subject of any such proceedings and no such proceedings are known by the Company to be contemplated. The Company may be involved in routine, non-material litigation arising in the ordinary course of business, from time to time.

There have not been any penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since its incorporation, and there have not been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Prospectus, none of (a) any director, executive officer, insider or promoter of the Company, or (b) any associate or affiliate of the persons described in (a) has any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Auditors

The auditors of the Company are MNP LLP, located at 1122 International Blvd, 6th floor, Burlington, Ontario L7L 6Z8.

Registrar and Transfer Agent

The registrar and transfer agent of the Common Shares is Capital Transfer Agency, ULC, located at Suite 920, 390 Bay Street, Toronto, Ontario M5H 2Y2.

MATERIAL CONTRACTS

The following is a list of material contracts of the Company that have been entered since the beginning of the last financial year ending before the date of this Prospectus, or before such time, if the material contract is still in effect, except for contracts which are in the ordinary course of business**:**

(a) McKellar Land Lease Agreement dated July 29, 2019;

(b) Lakefield Land Lease Agreement dated October 23, 2019;

(c) Kettleby Land Lease Agreement dated October 31, 2019;

(d) Canbud D17 License;

(e) Canbud D23 License; and

(f) Canbud D58 License.

EXPERTS

Certain legal matters in connection with this Prospectus have been passed upon on behalf of the Company by Irwin Lowy LLP. As at the date hereof, the aforementioned partnership (and their partners, associates and employees) do not beneficially own, directly or indirectly, any of the outstanding securities of the Company.

The independent auditors of the Company are MNP LLP. MNP LLP has informed the Company that it is independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

OTHER MATERIAL FACTS

There are no other material facts about the Company's Common Shares that are not otherwise disclosed herein.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces and the Province of Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) 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, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

DEFINITIONS

In this Prospectus, the following words and phrases have the following meanings unless the context otherwise requires:

"**Board**" or "**Board of Directors**" means the board of directors of the Company.

"**Business**" means the outdoor hemp CBD cultivation business being developed by the Company.

"**Canbud**" or the "**Company**" means Canbud Distribution Corporation, a company incorporated pursuant to the federal laws of Canada.

"**Canbud D17**" means Canbud D1726KC Inc., a company incorporated pursuant to the laws of the Province of Ontario for the primary purpose of operating the Business on the Kettleby Lands, and a subsidiary of the Company.

"**Canbud D23**" means Canbud D2385NR Inc., a company incorporated pursuant to the laws of the Province of Ontario for the primary purpose of operating the Business on the Lakefield Lands, and a subsidiary of the Company.

"**Canbud D23 License**" means hemp license number LIC-7S62J6ZAZR-2019 issued by Health Canada to Canbud D23.

"**Canbud D58**" means Canbud D580H124 Inc., a company incorporated pursuant to the laws of the Province of Ontario for the purpose of operating the Business on the McKellar Lands, and a subsidiary of the Company.

"**Canbud D58 License**" means hemp license number LIC-OBXIONVJ0k-2019 issued by Health Canada to Canbud D58.

"**Canbud D58 Shareholders**" means Mark Moore ("**MKM**"), Morgan Moore ("**MNM**"), Margaret Ann Moore ("**MAM**"), Terrence Rodrigues ("**TYR**"), RJ Shahi ("**RJS**") and Mary Ann Brunelle ("**MAB**").

"**Canbud D58 Shareholder Agreement**" means the unanimous shareholders' agreement dated June 15, 2020 between Canbud D58 and each of the Canbud D58 Shareholders pursuant to the terms of the McKellar Agreement.

"**Canbud DEPL**" means Canbud DEPL Corp., a company incorporated pursuant to the laws of the Province of Ontario, and a subsidiary of the Company.

"**Canbud Licensed Subsidiaries**" means, collectively, Canbud D17, Canbud D23 and Canbud D58.

"**Canbud Subsidiaries**" means, collectively, Canbud D17, Canbud D23, Canbud D58, Canbud DEPL and Alami Beauty.

"**CBCA**" means the *Canada Business Corporations Act*.

"**CBD**" means cannabis and hemp cannabinoids.

"**Commercial Land Lease Agreement**" means the commercial land lease agreement dated October 19, 2019 between the Company, through its subsidiary Canbud D58 as tenant and Ella Murphy as landlord, relating to the Lakefield Lands.

"**Common Shares**" means common shares in the capital of the Company.

"**CSE**" means the Canadian Securities Exchange.

"**Escrow Agent**" means Capital Transfer Agency, ULC.

"**Escrow Agreement**" means the escrow agreement that may be required by the CSE in connection with the proposed Listing, in a form in accordance with NP 46-201.

"**Escrow Securities**" means the securities that may be held in escrow pursuant to the Escrow Agreement.

"**Lakefield Lands**" means the commercial farmland consisting of fifty-five (55) acres of cleared and tillable farm, known municipally as 2385 Northey's Road, Lakefield, Ontario K0L 2H0.

"**McKellar Agreement**" means the definitive agreement dated July 12, 2019 between the Company and each of the Canbud D58 Shareholders.

"**McKellar Lands**" means the two hundred acres of land commonly identified as 580 Highway 124, McKellar, Ontario, Canada.

"**McKellar Land Lease Agreement**" means the land lease agreement dated July 29, 2019 between Canbud D58 and each of the Canbud D58 Shareholders pursuant to the terms of the McKellar Agreement.

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 - *Disclosure of Corporate Governance Practices*.

"**NP 58-201**" means National Policy 58-201 - *Corporate Governance Guidelines*.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible through the internet at www.sedar.com.

Words importing the singular number only, include the plural and vice versa, and words importing any gender include all genders.

APPENDIX A

CANBUD DISTRIBUTION CORPORATION

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE

The Audit Committee is a committee of the Board of Directors (the "**Board**") of Canbud Distribution Corporation (the "**Company**"). The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are:

(a) overseeing the integrity of the Company’s financial statements and reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;

(b) recommending the appointment and reviewing and appraising the audit efforts of the Company's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;

(c) serving as an external and objective party to oversee and monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements.

2. COMPOSITION

The Audit Committee shall consist of a minimum of three Directors of the Company, including the Chair of the Audit Committee, at least two of whom shall be "independent" Directors as such term is defined in National Instrument 52-110 ("**NI 52-110**"). All members shall, to the satisfaction of the Board, be "financially literate" as defined in NI 52-110.

The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors are duly elected and qualified. The Board may remove a member of the Audit Committee at any time in its sole discretion by resolution of the Board. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full membership of the Audit Committee.

3. DUTIES AND RESPONSIBILITIES

(a) The Audit Committee shall review and recommend to the Board for approval:

(i) The annual audited consolidated financial statements.

(ii) Review with senior management and the external auditor the Company’s financial statements, MD&A’s and earnings releases to be filed with regulatory bodies prior to filing or prior to the release of earnings.

(iii) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form - when applicable) prior to their release.

(b) The Audit Committee, in fulfilling its mandate, will:

(i) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws.

(ii) Recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor. Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Review the annual audit plans of the internal and external auditors of the Company.

(iii) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor.

(iv) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

(v) Arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.

(vi) Ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation.

(vii) Review with senior management and the external auditor of the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.

(viii) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.

(ix) Perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies.

(x) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters.

(c) The Audit Committee may engage and communicate directly and independently with outside legal and other advisors for the Audit Committee.

4. SECRETARY

The Secretary of the Audit Committee will be appointed by the Chair.

5. MEETINGS

(a) The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. At least annually, the Audit Committee shall meet separately with management and with the external auditors.

(b) Meetings may be conducted with members in attendance in person, by telephone or by video conference facilities.

(c) A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.

(d) The external auditors or any member of the Audit Committee may call a meeting of the Audit Committee.

(e) The external auditors of the Company will receive notice of every meeting of the Audit Committee.

6. QUORUM

A quorum is established with a majority on the Audit Committee Members in attendance.

APPENDIX B

FINANCIAL STATEMENTS

Canbud Distribution Corporation
Consolidated Financial Statements
December 31, 2019

Page

Independent Auditor's Report

To the shareholders of Canbud Distribution Corporation:

Opinion

We have audited the consolidated financial statements of Canbud Distribution Corporation and its subsidiaries (the "Company"), which comprises the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the period from October 4, 2018 (date of incorporation) to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the period from October 4, 2018 to December 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had not commenced commercial operations as at December 31, 2019 and had recorded a deficit of $470,787. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Burlington, Ontario

Chartered Professional Accountants

April 15, 2020

Licensed Public Accountants

Canbud Distribution Corporation
Consolidated Statement of Financial Position
As at December 31, 2019

	2019
Assets	
Current	
Cash *(Note 4)*	**1,567,938**
Promissory note receivable *(Note 6)*	**19,270**
Prepaid expenses and deposits *(Note 7)*	**40,980**
Other assets *(Note 8)*	**14,473**
	1,642,661
Non-current	
Intangible assets *(Note 9)*	**243,821**
Total Assets	**1,886,482**
Liabilities	
Current	
Accrued liabilities and payables *(Note 10)*	**222,572**
Total Liabilities	**222,572**
Shareholders' Equity	
Share capital	
Common shares *(Note 11)*	**2,134,697**
Deficit	**(470,787)**
Total Equity	**1,663,910**
Total Equity and Liabilities	**1,886,482**

Approved on behalf of the Board of Directors

Director **Director**

The accompanying notes are an integral part of these consolidated financial statements

Canbud Distribution Corporation
Consolidated Statement of Loss and Comprehensive Loss
For the 15 month period ended December 31, 2019

	2019
Operating costs	
Marketing	**640**
Leased land expenses	**188**
Allowance for expected credit losses	**1,230**
Business fees and licences	**18,230**
Conferences	**1,149**
Interest and bank charges	**596**
Office	**1,635**
Courier	**21**
Professional fees	**43,379**
Rental fees	**2,962**
Telephone, fax and internet	**238**
Business development costs	**408,772**
Operating loss	**(479,040)**
Other income	
Interest income	**8,253**
Loss for the period	**(470,787)**
Total comprehensive loss for the period	**(470,787)**
Weighted average number of shares outstanding *(Note 11)*	**24,096,603**
Basic and diluted net loss per share *(Note 11)*	**(0.02)**

The accompanying notes are an integral part of these consolidated financial statements

Canbud Distribution Corporation
Consolidated Statement of Changes in Equity
For the 15 month period ended December 31, 2019

	Number of issued and fully paid shares	Share capital	Deficit	Total equity
Incorporators' share issue	**5,000**	**100**	**-**	**100**
Founders' shares issue	**19,995,000**	**399,900**	**-**	**399,900**
First private placement	**16,525,000**	**1,652,500**	**-**	**1,652,500**
Second private placement	**380,000**	**38,000**	**-**	**38,000**
Third private placement	**1,383,000**	**138,300**	**-**	**138,300**
Share issuance costs	**-**	**(94,103)**	**-**	**(94,103)**
Net loss for the period	**-**	**-**	**(470,787)**	**(470,787)**
Balance December 31, 2019	**38,288,000**	**2,134,697**	**(470,787)**	**1,663,910**

The accompanying notes are an integral part of these consolidated financial statements

Canbud Distribution Corporation
Consolidated Statement of Cash Flows
For the 15 month period ended December 31, 2019

	2019
Cash provided by (used in) the following activities	
Operating activities	
Net loss for the period	**(470,787)**
Allowance for expected credit losses	**1,230**
Changes in working capital accounts	
Increase in other assets	**(14,473)**
Increase in prepaid expenses and deposits	**(40,980)**
Increase in accrued liabilities and payables	**222,572**
Net cash used in operating activities	**(302,438)**
Financing activities	
Proceeds from issuance of common shares	**2,228,800**
Shares issuance costs	**(94,103)**
Net cash provided by financing activities	**2,134,697**
Investing activities	
Additions to Clonal system and IT platform development (Intangibles)	**(243,821)**
Promissory note principal amount	**(25,000)**
Promissory note repayments	**4,500**
Net cash used in investing activities	**(264,321)**
Net increase in cash	**1,567,938**
Cash balance, beginning of period	**-**
Cash balance, end of period	**1,567,938**

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Canbud Distribution Corporation (the “Company”) is a Federally Registered Corporation, incorporated under the Canadian Business Corporations Act on October 4, 2018 as Cannabis Clonal Corporation. On September 9, 2019, the Company changed its name to Canbud Distribution Corporation. The Company is a science and technology based global vertically integrated clone to consumer hemp cannabinoids corporation regulated by Health Canada under the Industrial Hemp Regulations. As of December 31, 2019, the Company has obtained three licenses to grow Hemp CBD for the purposes of supplying the global market with medicinal and wellness cannabidiol ("CBD") and other cannabinoids based products on leased lands. One licence was granted August 16, 2019, another on November 15, 2019 with the third issued on November 29, 2019. Each licence allows the growing and harvesting of hemp CBD flowers for processing into CBD and other cannabinoids extracts.

The Company's subsidiaries and their incorporation dates are as follows:

- Alami Beauty Corporation - Incorporated on May 24, 2019 under the Canadian Business Corporation Act;
- Canbud D580H124 Inc. – Incorporated July 23, 2019 under the Ontario Business Corporation Act;
- Canbud D2385NR Inc. - Incorporated October 22, 2019 under the Ontario Business Corporation Act;
- Canbud D1726KC Inc. - Incorporated October 31, 2019 under the Ontario Business Corporation Act; and
- Canbud DEPL Corp – Incorporated November 20, 2019 under the Ontario Business Corporation Act.

The Company is in the process of applying to be listed on the Canada Securities Exchange ("CSE").

The Company’s registered office address is 120 Adelaide Street West, Suite 2500, Toronto, Ontario.

Going concern

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds to meet current and future obligations. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

As at December 31, 2019, the Company had not commenced any commercial operations and had a deficit of $470,787. Whether, and when, the Company can start generating revenues, attain profitability and positive cash flows from operations has material uncertainty, which may cast significant doubt upon the Company's ability to continue as going concern. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and by raising capital to fund its operations.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS).

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 15, 2020.

3. BASIS OF PREPARATION

Basis of measurement

The consolidated financial statements have been prepared on an accrual and going concern basis, under the historical cost convention except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in this note.

Functional and presentation currency

The consolidated financial statements and the accompanying notes are presented in Canadian dollars which is the currency of the primary economic environment in which the Company operates in.

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and expose itself to the variable returns from the entity's activities. The consolidated financial statements include the results of subsidiaries' operations from the date that control commences until the date that control ceases. The Company's significant consolidated subsidiaries are listed below:

Alami Beauty Corporation – Incorporated on May 24, 2019 under the Canadian Business Corporations Act. The Company holds 51% of the voting common shares and exercises full management control. The subsidiary is consolidated with the Company. The subsidiary is in the beginning stages of developing skin care products that have as an ingredient CBD and other non-intoxicating cannabinoids to market globally.

Canbud D580H124 Inc. – Incorporated July 23, 2019 under the Ontario Business Corporation Act. The Company holds 60% of the voting common shares and exercises full management control. The subsidiary is consolidated with the Company. The subsidiary entered into an agreement to lease 50 acres of farmland to grow industrial hemp under a licence from Health Canada which was issued August 16, 2019. The lease commences January 2020 for a term of five years at an initial annual lease cost of $21,000 payable monthly with annual increase at the lesser of 3% or the prevailing local market price. The lease automatically renews for an additional term of five years unless the subsidiary gives ninety days' notice of non-renewal before expiry of the first term.

Canbud D2385NR Inc. - Incorporated October 22, 2019 under the Ontario Business Corporation Act. The Company currently holds 90% of the voting common shares and exercises full management control with 10% reserved for the straight conversion of the land owner's first year's 10% profit share agreement into 10% equity in the Company. The subsidiary is consolidated with the Company. The subsidiary entered into an agreement to lease 55 acres of farmland to grow industrial hemp under a licence from Health Canada which was issued November 15, 2019. The lease commences January 2020 for a term of three years at an initial annual lease cost of $6,000 payable monthly with annual increase at the lesser of 3% or the prevailing local market price. The lease can renew for an additional term of three years if the subsidiary gives at least ninety days' notice of renewal before expiry of the first term.

Canbud D1726KC Inc. - Incorporated October 31, 2019 under the Ontario Business Corporation Act. The Company currently holds 90% of the voting common shares and exercises full management control with 10% reserved for the straight conversion of the land owner's first year's 10% profit share agreement into 10% equity in the Company. The subsidiary is consolidated with the Company. The subsidiary entered into an agreement to lease 85 acres of farmland to grow industrial hemp under a licence from Health Canada which was issued November 29, 2019. The lease commences January 2020 for a term of three years at an initial annual lease cost of $60,000 payable monthly with annual increase at the lesser of 3% or the prevailing local market price. The lease can renew for an additional term of three years if the subsidiary gives at least ninety days' notice of renewal before expiry of the first term.

Canbud DEPL Corp – Incorporated November 20, 2019 under the Ontario Business Corporation Act. The subsidiary is set up for distribution of CBD product into Germany and Poland in particular, and Europe in general. The Company holds 95% of the voting common shares and exercises full management control. The subsidiary is consolidated with the Company.

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated. Unrealized losses are eliminated to the extent of the gains, but only to the extent that there is no evidence of impairment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Leases

Leasing activity for the Company typically involves the leases of land or buildings to grow crops and operate processing or cultivation facilities or corporate offices.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease, depending on if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset, initially measured at cost and subsequently depreciated using the straight-line method over the shorter of the asset's useful life (determined on the same basis as capital assets) or the end of the lease term. A corresponding lease liability is recognized, initially measured at the present value of the future lease payments (which include payments under extension options that the Company is reasonably certain to exercise), discounted using the interest rate implicit in the lease or, if not readily determinable, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is re-measured when there is a change in future lease payments resulting from a change in index or rate or if the Company changes its assessment of whether it will exercise an option to extend, purchase or terminate. Should the corresponding right-of-use asset have been reduced to zero when the lease liability is re-measured, the adjustment would be recorded through profit or loss.

The Company has exercised judgment to determine both the applicable discount rate as well as the lease term for lease contracts that contain renewal options. The discount rate used is based on the Company's incremental borrowing rate and is risk-adjusted based on a variety of factors, such as location and planned use. The assessment of whether the Company is reasonably certain to exercise renewal options impacts the lease term, which directly affects the amount of right-of-use assets and lease liabilities recognized.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company does not have any lease with a commencement date prior to December 31, 2019. We draw your attention to Note 16 which indicates that all the Company's leases have a commencement date of January 1, 2020.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of each of the entities in the group is the Canadian dollar. The functional currency determinations were conducted through an analysis of the factors identified in International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

The presentation currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statement of loss and comprehensive loss.

Financial instruments

Financial assets and liabilities are recognized when the Company or its subsidiaries become party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of transaction costs, except for financial assets and liabilities classified as at fair value through profit and loss ("FVTPL"). The directly attributable transaction costs related with financial assets and liabilities recorded at FVTPL are expensed in the period they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities. The classification of financial assets is generally based on its contractual cash flow characteristics and the business model in which it is managed.

The Company classifies its financial instruments as follows:

Financial Assets / Liability	Classification	Measurement
Cash	Cash	Amortized cost
Promissory note receivable	Receivables	Amortized cost
Accrued liabilities and payables	Other liabilities	Amortized cost

(i) Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows, and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest are classified and measured subsequently at amortized cost.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets that are held within a business model whose objective is achieved by collecting the contractual cash flows and selling financial assets, and the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest are classified and measured at FVTOCI.

On initial recognition, the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation of FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measure at FVTOCI and the cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings.

(iii) Financial assets at fair value through profit or loss

All other financial assets are measured at FVTPL. These assets are measured at fair value at the end of each reporting period, with any gain or loss recognized in earnings.

(iv) Impairment and write-off

The Company applies the simplified approach as permitted by IFRS 9 for the expected credit loss (ECL) associated with financial assets. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Financial liabilities and debt and equity instruments

Financial liabilities, debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after reducing all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

(vi) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

(vii) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

(viii) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(ix) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

(x) De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

Cash

Cash refers to petty cash and bank deposits. The cash balance as at December 31, 2019 includes $315 petty cash and $1,567,623 bank deposits.

Property, plant and equipment

All items of property, plant and equipment are stated at historical cost, less any accumulated depreciation and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition.

Land is not depreciated. Depreciation of other items of property, plant and equipment is calculated on components that have homogeneous useful lives by using the straight-line method so as to depreciate the initial cost down to the residual value over their estimated useful lives.

Useful lives, residual values and depreciation methods are reviewed at each year-end. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in “Operating expenses” in consolidated statement of loss and comprehensive loss.

Intangible assets

Development costs are expensed as incurred unless they meet the criteria to be recognized as internally-generated intangible assets in accordance with the guidance in IAS 38 Intangible Assets.

Subsequent to initial recognition, internally-generated intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses.

Specified intangible assets are recognized separately from goodwill. Such intangible assets are recorded at cost and amortized as follows, based upon management’s best estimate of the useful life of the asset.

The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

No amortization was recognized during the period since the Clonal system and IT platform were still under development as of December 31, 2019.

Provisions

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and stock options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their estimated fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Loss per share

The Company presents basic and diluted loss per share (“LPS”) data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted LPS is calculated by adjusting the profit or loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares.

Revenue recognition

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer. The Company has concluded that revenue from the sale of products should be recognized at the point in time when control is transferred to the customer. Indicators of a transfer of control include an unconditional obligation to pay, legal title, physical possession, transfer of risk and rewards and customer acceptance.This generally occurs when the goods are delivered to the customer.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss and comprehensive loss. Taxation on the profit or loss for the year comprises of current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred Taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Expected credit losses

The Company applies the simplified approach as permitted by IFRS 9 for the expected credit loss (ECL) associated with financial assets. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

b) Critical judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Capitalization of intangible assets

An intangible asset arising from development is recognised on satisfying the following criteria's by the entity:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

6. PROMISSORY NOTE RECEIVABLE

	2019
Promissory note principal amount	25,000
Repayments during the period	(4,500)
Allowance for expected credit losses	(1,230)
Promissory note receivable as at December 31, 2019	19,270

The promissory note is a short-term non-interest bearing loan to HIP Beverages Corporation with a maturity date of November 16, 2019.

7. PREPAID EXPENSES AND DEPOSITS

	2019
Private placement fees	5,000
Security deposit against office lease	3,638
Upfront office lease payment	6,542
Retainer for legal fees	10,000
Upfront farmland lease payments	4,500
Security deposit against farmland lease	11,300
Total prepaid expenses and deposits	40,980

8. OTHER ASSETS

	2019
Consulting fee refund	10,170
Harmonized Sales tax recoverable	4,303
Total other assets	14,473

All amounts are due in short term. The net carrying amounts are a reasonable approximation of their fair value.

9. INTANGIBLE ASSETS

	Clonal system development	IT platform development	Total
			2019
Additions during the period	217,800	26,021	243,821
Balance as at December 31, 2019	217,800	26,021	243,821
Amortization for the period	-	-	-
Balance as at December 31, 2019	-	-	-
Cost less accumulated amortization	217,800	26,021	243,821

None of the identifiable intangible assets are amortized because the Clonal and IT systems are still under development as of December 31, 2019.

10. ACCRUED LIABILITIES AND PAYABLES

	2019
Other payables	209,472
Accrued charges	13,100
Total accrued liabilities and payables	222,572

11. EQUITY

a) Issued capital

Common shares	*Number of shares*	*Share capital*
		2019
Incorporators' share issue at $0.02 per share	5,000	100
Founders' initial issue of shares at $0.02 per share	19,995,000	399,900
First private placement of shares at $0.1 per share	16,525,000	1,652,500
Second private placement at $0.1 per share	380,000	38,000
Third private placement at $0.1 per share	1,383,000	138,300
Share issuance costs	-	(94,103)
Total share capital	38,288,000	2,134,697

The Company is authorized to issue an unlimited number of common shares with the following rights, privileges, restrictions and conditions:

Common shares, without nominal or par value, the holders of which are entitled:

a) to receive notice of and to attend all meetings of shareholders of the Company, and at all such meetings shall be entitled to one vote in respect of each common share held by such holder;

b) to receive dividends if and when declared by the Board of Directors of the Company; and

c) to receive, upon dissolution, liquidation or winding-up of the Company, the remaining assets of the Company.

b) Net loss per share

Basic net loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of shares outstanding, made up of common shares. Diluted net loss per share is calculated by adjusting the loss for the period and number of shares for the effects of dilutive options and other dilutive potential ordinary shares. However, there were no options or financial instruments with dilutive potential ordinary shares as at December 31, 2019.

Thus, the diluted net loss per share was the same as the calculated basic net loss per share.

	December 31, 2019
Net loss attributable to shareholders of the Company	(470,787)
Weighted average number of shares outstanding during the period	24,096,063
Basic and diluted net loss per share	(0.02)

12. RELATED PARTY TRANSACTIONS

Key management compensation

	2019
Cash payments	183,000
Shares issued	182,000
Total key management compensation	365,000

Key management personnel refers to the Company's main promoters and members of its executive management team. During the period ended December 31, 2019, key management personnel received a total compensation of $365,000 ($183,000 cash payments and $182,000 issued shares).

13. INCOME TAX

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to income (loss) from operations before income taxes, shown as follows*:*

	2019
Expected tax rate	**26.5%**
Expected tax benefit resulting from loss	(120,104)
Permanent Differences	-
Effect of losses not recognized and other deductible temporary differences not recognized	120,104
True-up of prior years taxes	-
Other	-
Income tax expense (recovery)	-

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The following deferred tax assets and liabilities have been recognized for accounting purposes:

	2019
Deferred tax asset	6,885
Deferred tax liability	(6,885)
Net deferred tax liability	-

The effect of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year are as follows:

					2019
	Recognized on acquisition	**Recognized in profit and loss**	**Recognized in equity**	**Recognized in goodwill**	**Total**
Deferred tax asset					
Loss carry forward	-	6,885	-	-	6,885
	-	6,885	-	-	6,885
Deferred tax liability					
Prepaid Expenses and Deposits		(6,885)	-	-	(6,885)
		(6,885)	-	-	(6,885)

The deductible temporary differences and unused tax losses for which no deferred tax asset is recognized , are approximately as follows:

Non-Capital losses	472,043
Share issuance costs	75,282
Total	547,325

The Company has the following non-capital losses available to reduce future years' federal and provincial taxable income, which expire as follows:

2039	498,023
	498,023

14. FINANCIAL RISK MANAGEMENT

The Company's objective is to maintain sufficient capital so as to maintain investor, creditor and customer confidence and to sustain future development of the business and to provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management. The Company has not paid any dividends to its shareholders. The Company is not subject to any externally imposed capital requirements.

As at December 31, 2019, the Company's total managed capital comprised of shareholders' equity of $1,663,910. There were no changes in the Company's approach to capital management during the period.

(a) Fair value

Financial instruments included in the consolidated statement of financial position as at December 31, 2019 consist of cash, promissory note receivable and accrued liabilities and payables with period-end carrying amounts which approximates their respective fair values.

(b) Interest rate risk

The Company does not have any debts or borrowings from any banks or institutional lenders as at December 31, 2019. However, the Company is exposed to interest rates risk through its bank deposits.

(c) Currency risk

The Company's balances are all in Canadian dollars as of period end so the Company is not exposed to any currency risks from its financial instruments as of December 31, 2019.

(d) Credit risk

The maximum credit risk exposure as at December 31, 2019 is the carrying amount of cash and the promissory note receivable. The Company does not have a significant exposure to any individual counterparty. The expected loss allowance on its financial assets was determined based on factors such as the credit profile of individual counterparties, industry credit ratings, historical trends and other relevant credit-related information.

The loss allowance as at December 31, 2019 was determined as follows for promissory note receivable:

December 31, 2019	**Over 30 days past due but not impaired**	**Total**
Expected loss rate	6%	
Gross carrying amount - promissory note	20,500	20,500
Loss allowance	1,230	1,230

(e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase services on credit, for which repayment is required at various maturity dates.

The Company manages the liquidity risk resulting from accounts payable by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to meet its obligations as they come due. The Company is not yet exposed to long-term lease obligations until January 1, 2020.

The following were the contractual maturities of financial liabilities at the reporting period:

	Within 1 year	**Over 1 year**	**Total**
Accrued liabilities and payables	222,572	-	**222,572**
Total	222,572	-	**222,572**

15. COMMITMENTS AND CONTINGENCIES

a) Consulting fees

The Company entered into consulting agreements for the provision of business development services. The following represents the Company's commitments in relation to consulting agreements at December 31, 2019:

	2019
Not later than one year	83,700
Later than one year and not later than two years	6,400
Total commitments	90,100

b) Non-controlling interest

The Company entered into definitive lease agreements with various land-owners and transaction facilitators in 2019 for its corporate office and hemp CBD cultivation lands. The Company also entered into a partnership agreement with Mikono Beauty Inc. (Alami Beauty Corporation) for the sole purpose of developing and selling Hemp CBD derivative beauty and hemp CBD derivative skin care products; and another agreement with Martin Ciuk (Canbud DEPL Corporation) for the sole purpose of establishing a distribution and marketing channel for the sale of hemp CBD products in Europe (EU economic region).

Based on the following specified terms in each executed agreement, the Company is committed to issue equity shares (membership interests) to the respective land-owners and transaction counterparties:

Canbud D2385NR Inc.
In addition to the lease rentals, landowners shall be paid 10% of the net profit from operations of the Canbud D2385NR Inc. in each respective calendar year from January to December.

Landowners shall have the option after the end of the first year of the first 3-year lease term to convert the 10% profit sharing into 10% equity shares in Canbud D2385NR Inc. Canbud D2385NR Inc. shall only authorize and issue 800 Class A voting common shares to Canbud Distribution Corporation and 200 Class B non-voting common shares to landowners. No dividend on the Class A voting common shares shall be declared by Canbud D2385NR Inc. in priority to the declaration of dividends with respect to the Class B non-voting common shares. Landowners equity conversion will be in the form of 100 Class B non-voting common shares which shall be equivalent to 10% percent equity in Canbud D2385NR Inc. As a requirement for the subscription and/or transfer of Class B non-voting common shares, each party shall execute and deliver to Canbud D2385NR Inc. a counterpart unanimous shareholder agreement (the “Shareholder Agreement”).

Equity shares had not been issued to any of the leased land owners or transaction facilitators as of December 31, 2019, so the potential non-controlling interest of 10% per executed agreement was not recognized in the consolidated financial statements as of December 31, 2019. Non-controlling interest will not be recognized until the issuance or transfer of equity shares to the leased land owners and transaction facilitators is formalized.

Canbud 580H124 Inc.
Net profits from the business, after taking all reasonable reserves for working capital and other deductions and/or accruals, shall be disbursed to the Class A voting and Class B non-voting shareholders on a pro-rata and pari-pasu basis.

Canbud 580H124 Inc. shall only authorize and issue 720 Class A voting common shares to Canbud Distribution Corporation and 480 Class B non-voting common shares to landowners and transaction facilitators. No dividend on the Class A voting common shares shall be declared by Canbud D580H124 Inc. in priority to the declaration of dividends with respect to the Class B non-voting common shares. As a requirement for the subscription and/or transfer of Class B non-voting common shares, each party shall execute and deliver to Canbud D580H124 Inc. a counterpart unanimous shareholder agreement (the “Shareholder Agreement”).

Equity shares had not been issued to any of the leased land owners or transaction facilitators as of December 31, 2019, so the potential non-controlling interest of 40% per executed agreement was not recognized in the consolidated financial statements as of December 31, 2019. Non-controlling interests will not be recognized until the issuance or transfer of equity shares to the leased land owners and transaction facilitators is formalized.

Canbud D1726KC Inc.
In addition to the lease rentals, landowners shall be paid 10% of the net profit from operations of the Canbud D1726KC Inc. in each respective calendar year from January to December

Landowners shall have the option after the end of the first year of the first 3-year lease term to convert the 10% profit sharing into 10% equity shares in Canbud D1726KC Inc. Canbud D1726KC Inc. shall only authorize and issue 800 Class A voting common shares to Canbud Distribution Corporation and 200 Class B non-voting common shares to landowners. No dividend on the Class A voting common shares shall be declared by Canbud D1726KC Inc. in priority to the declaration of dividends with respect to the Class B non-voting common shares. Landowners conversion will be in the form of 100 Class B non-voting common shares which shall be equivalent to 10% equity in Canbud D1726KC Inc. As a requirement for the subscription and/or transfer of Class B non-voting common shares, each party shall execute and deliver to Canbud D1726KC Inc. a counterpart unanimous shareholder agreement (the "Shareholder Agreement").

Equity shares had not been issued to any of the leased land owners or transaction facilitators as of December 31, 2019, so the potential non-controlling interest of 10% per executed agreement was not recognized in the consolidated financial statements as of December 31, 2019. Non-controlling interests will not be recognized until the issuance or transfer of equity shares to the leased land owners and transaction facilitators is formalized.

Canbud DEPL Corp.
Company entered into principle agreement with Martin Ciuk to form Canbud DEPL Corp. As per agreement, Martin has 5% equity interest in Canbud DEPL Corp. Shares are to be issued per share subscription agreement.

Equity shares had not been issued to the counterparty as of December 31, 2019, so the potential non-controlling interest of 5% per executed agreement was not recognized in the consolidated financial statements as of December 31, 2019. Non-controlling interests will not be recognized until the issuance or transfer of equity shares to the counterparty is formalized.

Alami Beauty Corporation
Canbud Distribution Corporation holds 51% of the voting common shares in Alami Beauty Corporation while 49% is owned by Mikono Beauty Inc..

Equity shares had not been issued to the counterparty as of December 31, 2019, so the potential non-controlling interest of 49% per executed agreement was not recognized in the consolidated financial statements as of December 31, 2019. Non-controlling interests will not be recognized until the issuance or transfer of equity shares to the counterparty is formalized.

16. SUBSEQUENT EVENTS

a) *Office and cultivation land lease agreements*

During the period ended December 31, 2019, the Company entered into three different lease agreements with various land owners for lease of farm lands and one lease agreement for renting office space. However, the commencement date of each lease was January 01, 2020.

Canbud D580H124 Inc.
The Company agreed to lease 50 acres of farmland to grow industrial hemp under a license from Health Canada which was issued August 16, 2019. The lease commences January 2020 for a term of five years at an initial annual lease cost of $21,000 payable monthly with annual increase at the lesser of 3% or the prevailing local market price.The lease automatically renews for an additional term of five years unless the subsidiary gives ninety days' notice of non-renewal before expiry of the first term.

Canbud D2385NR Inc.
The Company agreed to lease 55 acres of farmland to grow industrial hemp under a license from Health Canada which was issued November 15, 2019. The lease commences January 2020 for a term of three years at an initial annual lease cost of $6,000 payable monthly with annual increase at the lesser of 3% or the prevailing local market price. The lease can renew for an additional term of three years if the subsidiary gives at least ninety days' notice of renewal before expiry of the first term.

Canbud D1726KC Inc.
Lease of 85 acres of farmland to grow industrial hemp under a license from Health Canada which was issued November 29, 2019. The lease commences January 2020 for a term of three years at an initial annual lease cost of $60,000 payable monthly with annual increase at the lesser of 3% or the prevailing local market price. The lease can renew for an additional term of three years if the subsidiary gives at least ninety days' notice of renewal before expiry of the first term.

Grenvin Holdings Inc.
Lease of 1,486 square feet of office space located at Suite # 8, 5160 Explorer Drive, Mississauga, Ontario. The lease commences January 2020 for a term of five years. The lease can be renewed for an additional term of five years provided the tenant does not default under the lease agreement and that six months prior notice is given before the expiry of the initial term.

b) COVID-19 pandemic

Subsequent to year-end, in March 2020, global financial markets have experienced a disruption as a result of the novel corona virus (COVID-19) pandemic. The impact on the Company is not currently determinable. Management is actively monitoring and responding to these developments in financial markets.

APPENDIX C

MANAGEMENT'S DISCUSSION AND ANALYSIS

CANBUD DISTRIBUTION CORPORATION
(Previously known as Cannabis Clonal Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2019

MANAGEMENT’S DISCUSSION & ANALYSIS

The following management’s discussion and analysis (“MD&A”) should be read in conjunction with Canbud Distribution Corporation (“CBDX” or the “Corporation”) audited financial statements as at and for the year ended December 31, 2019. The audited financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”).

The MD&A is dated April 20, 2020. The reader should be aware that historical results are not necessarily indicative of future performance.

FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking or outlook information which reflects management’s expectations regarding the Corporation’s growth, trends in our operating companies’ businesses and industries and our financial and operational results and performance that are based on current expectations, forecasts and assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially. In some cases, forward-looking statements can be identified by the use of words such as “outlook”, “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” “likely,” “will,” “would,” “illustrative” or the negative of such words or other comparable words.

Business Overview

Canbud Distribution Corporation is a science and technology based global vertically integrated clone to consumer hemp cannabinoids company.

The Corporation vision is to build out a world class, financially sustainable vertically integrated hemp cannabinods company.

Its mission is to satisfy global need for consistent quality, potency, and traceability for CBD ingredients and products and to be a 3P company: People, Planet, Profit.

The Corporation has three strategic pillars:

Science and technology
Quality and compliance
Cost

Background

Cannabis Clonal Corp. was incorporated under the Canada Business Corporations Act on October 4, 2018. On September 19, 2019, the Corporation changed its name to Canbud Distribution Corp. to better reflect its business as a vertically integrated hemp cannabinoids company.

Initial Offering and Private Placement

On May 15, 2019, the Corporation issued 16,525,000 common shares through a non-brokered private placement at a price of $0.10 per common share. Aggregate proceeds were $1,650,000.

CORPORATE HIGHLIGHTS

During the period ended December 31, 2019, the Corporation initiated a process to become a publicly listed entity on the Canadian Securities Exchange ("CSE"). The Corporation has appointed Eric Lowy of Irwin Lowy LLP as the corporate counsel to assist the Corporation in the go-public transaction. It is a direct IPO using a non-offering prospectus. The Corporation expects to be pubic before the year end of 2020.

The Company has appointed George Barkwell, CPA, CA of Barkwell & Associates as accountants, MNP as the auditor, and Capital Transfer Agents as the share transfer agents.

Cultivation

Using its low capex land leased business model, the Corporation has signed three land lease agreements with farmers/landowners in Ontario. The agreements are for 3-5 years with option to renew. The three leases are organized under three farm entities. The total farmable acres is approximately 190 acres.

For 2020 cultivation, in light of Covid-19 challenges, the Corporation is preparing its Kettleby farm with a total of approximately 55 acres tillable land. The cultivation acreage is equivalent to 2.4 million square feet, which would produce conservatively about 15,000 kg of dried CBD flowers.

Two cost effective custom built 40-foot containers have been placed at the Kettleby farm. About two thousand plants have been grown in the containers as part of the mother plants selection processes.

Using its proprietary clonal system, about 200,000 clones will be prepared, and housed in the six plastic hoop houses prior to be transplanted.

The Corporation has designed a unique system of clone transplanting, and flower harvesting mechanism.

The facility at the Kettleby farm will include a drying system crucial for good quality hemp CBD flowers for extraction.

The Corporation has moved swiftly and with calculated decision making to implement the business plan.

Extraction and Processing

The Corporation has signed an LOI with a third-party extraction and processing company, and continue to develop collaboration with additional third party extraction entities.

Product and Brand Development

The Corporation has formed a topical joint venture with 51% controlling ownership called Alami Beauty Corp. Alami is developing a skin care and wellness product with natural ingredients. Alami has launched its e-commerce website for hemp oil products under a Qabo brand.

The Corporation is also in the process of developing CBD based topical products using formulation from an Israeli company.
To support the sales channel for the CBD brand , the corporation has submitted an application package to Health Canada for the Federal Medical Sales License (without possession). The Federal Medical Sales License will also allow the corporation to apply for an export permit.

Information and Communication Technology

Working with its ICT partner “CannaProve”, the Corporation has developed a blue print for its Clone to Customer platform covering both the technical as well as the compliance and quality control aspects.

The Corporation has taken over the CannaProve development to keep it as a proprietary system and renaming it CanbudProve.

CanbudProve solution will allow the Corporation to track provenance, consistency, and quality of products. The solution will also allow the Corporation to track its compliance to industry and regulatory requirements and to demonstrate transparency to the Corporation stakeholders as well as providing consistent potency and quality products to industrial buyers and end user consumers.

Research and Development

The Corporation is actively pursuing opportunities to develop additional IP through collaboration with Canadian universities and institutions.

Corporate Name Change

On September 19, 2019, the Corporation changed its name to Canbud Distribution Corporation to better reflect its business as a science and technology based vertically integrated Hemp Cannabinoids company.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table sets forth selected financial information for the periods indicated and is based on the audited consolidated financial statements and related notes.

.	**Year Ended December 31, 2019 (audited) ($)**
Operating costs	
Marketing	640
Leased land expenses	188
Allowance for expected credit losses	1,230
Business fees and licences	18,230
Conferences	1,149
Interest and bank charges	596
Office	1,635
Courier	21
Professional fees	43,379
Rental fees	2,962
Telephone, fax and internet	238
Business development costs	408,772
Operating loss	(479,040)
Interest income	8,253
Net Loss and Comprehensive Loss	(470,787)
Basic and diluted net loss per share	(0.02)
Current assets	1,642,661
Total assets	1,886,482
Current liabilities	222,572
Total liabilities	222,572
Shareholders equity	2,134,697

Revenue: The company is yet generated revenue from its operations. The company has already started working on preparing the leased land for cultivation and expects to generate revenue after successfully cultivating hemp in its lands.

Canbud Distribution Corporation
Consolidated Statement of Financial Position
As at December 31, 2019

	2019
Assets	
Current	
Cash *(Note 4)*	1,567,938
Promissory note receivable *(Note 6)*	19,270
Prepaid expenses and deposits *(Note 7)*	40,980
Other assets *(Note 8)*	14,473
	1,642,661
Non-current	
Intangible assets *(Note 9)*	243,821
Total Assets	1,886,482
Liabilities	
Current	
Accrued liabilities and payables *(Note 10)*	222,572
Total Liabilities	222,572
Shareholders' Equity	
Share capital	
Common shares *(Note 11)*	2,134,697
Deficit	(470,787)
Total Equity	1,663,910
Total Equity and Liabilities	1,886,482

Key Variance:

The company has raised capital through an equity private placement to execute its business plan and at the end of FY 2019 Company had:

- $1,567,938 cash in its position, which constituted most of its tangible assets.
- $209,472 accounts payable, majority of which is owed to a consultant for getting the JV partners, land leases and M&A opportunities and the rest is owed to other service providers like lawyers, and accountants
- $222,572 of intangible assets which consisted of Company's clonal system and IT support systems. Company hopes these systems once fully developed, tested during the first cultivation season and implemented will provide a competitive edge to the company.
- As a start up business, the company incurred business development costs for developing the Clonal system and others, which are required for the long-term success of the company. As the company grows the business development costs will come down and will have a positive effect on the revenue of the company.

DISCUSSION OF OPERATIONS

The company swiftly moved to execute its business plan upon completion of its private placement on May 15, 2019.

Cultivation

The company centered its efforts on low cost outdoor cultivation acreage capital expenditure using land lease and collaborative scheme with land owners.

On July 19th,2019 the Company entered into a definitive agreement with the land owners and the deal facilitators to lease a two hundred (200) acreage property, with approximately ninety (90) acres of cleared land, commonly identified as 580 Highway 124, McKellar, Ontario, Canada (the McKellar Lands). The Company agreed to incorporate a new company to be used primarily for the operation of the Business on the McKellar Lands. The new company will be controlled by the company, and the company will hold 60% equity in the new company.

On July 23, 2019, in accordance with the terms of the McKellar Agreement, Canbud D580H124 Inc. ("Canbud D58") was incorporated for the primary purpose of operating the Business on the McKellar Lands.

On July 29, 2019, in accordance with the terms of the McKellar Agreement, Canbud D580H124 Inc. entered into a land lease agreement (the "McKellar Land Lease Agreement") with the land owners.

On August 16, 2019, Canbud D58 received its hemp license from Health Canada and was issued license number LIC-OBXIONVJ0K-2019 (the "Canbud D58 License"). The Canbud D58 License expires on August 16, 2021.

On October 19, 2019, the Company entered into a definitive agreement (the "Lakefield Agreement") with the land owner and the deal facilitators pursuant to which the parties agreed to further the development of an outdoor hemp CBD cultivation business (the "Business") on approximately 55 acres of farmable and tillable land commonly identified as 2385 Northey's Road, Lakefield, Ontario K0L 2H0 (the "Lakefield Lands").

On October 22, 2019, in accordance with the terms of the Lakefield Agreement, Canbud D2385NR Inc. ("Canbud D23") was incorporated for the primary purpose of operating the Business on the Lakefield Lands.

On October 23,2019 Canbud D2385NR Inc. entered into a land lease agreement with the landowner.

On November 15, 2019, Canbud D23 received its hemp license from Health Canada and was issued license number LIC-7S62J6ZAZR-2019 (the "Canbud D23 License"). The CanBud D23 License expires on November 15, 2021.

On October 31, 2019, the Company entered into a definitive agreement (the “Kettleby Agreement”) with the landowners and the deal facilitators pursuant to which the parties agreed to further the development of an outdoor hemp CBD cultivation business (the “Business”) on approximately 100 acres of farmable and tillable land including two buildings commonly identified as 17260 Keele Street, Kettleby, Ontario L0G 1J0 (the “Kettleby Lands”). Pursuant to the terms of the Kettleby Agreement, the Company agreed to incorporate an Ontario company to be named “Canbud D1726KC Inc.”, to be used primarily for the operation of the Business on the Kettleby Lands, excluding the CBD storage and drying facility, and to enter into a land lease agreement.

Also, on October 31, 2019, in accordance with the terms of the Kettleby Agreement, Canbud D1726KC Inc. (“Canbud D17”) was incorporated for the primary purpose of operating the Business on the Kettleby Lands.

On October 31,2019 Canbud D1726KC Inc. entered into a commercial land lease agreement (the “Kettleby Land Lease Agreement”) with the land owners.

On November 29, 2019, Canbud D17 received its hemp license from Health Canada and was issued license number LIC-MGG9LOM6BH-2019 (the “Canbud D17 License”). The CanBud D17 License expires on November 29, 2021.

The three leased properties provide the Company with a total of approximately 190 acres (or 8.2 million square feet) of cultivation acreage.

Product and Brand Development

On May 8, 2019, the Company entered into a definitive agreement with Anthony Murira, a director and owner of Mikono Beauty Inc. (the “Mikono JV Agreement”), in accordance with the terms of the Mikono LOI, to form a joint venture company (“JV Co”) pursuant to which the Company would own 51% and Mikono Beauty would own 49%, to develop and market skin care and wellness beauty products using hemp seed oil and natural ingredients.

On May 24, 2019, pursuant to the terms of the Mikono JV Agreement, Alami Beauty Corporation was incorporated under the federal laws of Canada.

Distribution Channel Development

The Company has also started to develop channel of distribution for its cannabinoid extract and the consumer products.

On November 4, 2019, the Company entered into a consulting service agreement (the “CannDelta Consulting Agreement”) with CannDelta, a Canadian regulatory and scientific cannabis consulting company, and engaged the services of

CannDelta to assist with the Company's application to Health Canada for a Federal medical sales license (without possession of cannabis) (the "Federal Sales License").

Under the Federal Sales License, the Company will be permitted to sell cannabis products directly to patients in Canada through the Company's fulfillment e-commerce portal. The patients are required to obtain a prescription from a doctor either in person or through Health Canada's approved tele-health portal. Furthermore, the Federal Sales License will allow the Company to apply to Health Canada for an export permit, issued on a case by case basis.

At the same time the Company started to develop potential overseas channel of distribution. On November 20, 2019, Canbud DEPL Corp. was incorporated under the laws of the Province of Ontario for distribution of CBD products into Germany and Poland.

Information Technology Platform Development

The Company intends to use information technology platform to provide the Company customers quality and reliable products.

On October 21, the Company entered into agreement with 2665397 Ontario Inc. doing business as CannaProve ("CannaProve") to develop clone to sales platform.

SUMMARY OF QUARTERLY RESULTS

This is the first year of operations for the company. The company had very limited operations in its first year. The company was involved in getting land leases for cultivation, developing its clonal system, developing auxiliary business such as distribution, wholesale, product development among others.

The company has started maintaining and reporting quarterly results and will start presenting selected financial data for the Company's most recently completed quarters, all prepared in accordance with IFRS**.**

LIQUIDITY AND CAPITAL RESOURCES

The annual financial statements of the company have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company might adapt its business plan and revise programs depending on its working capital position.

As at December 31, 2019, the Company had cash of $1,567,938 which will be used for operations, business development, proposed IPO and others.

The Company completed a private placement in 2019, changed the corporate name and started executing its business plan which resulted in an overall increase in cash used in operating activities.

All funds were raised via private placements mentioned above.

Other than the current liabilities mentioned in the financial statements, the Company has no short-term liabilities. The company is entering the cultivation season and its capital spending requirements will increase, the company has commitments to cultivate the leased property and there are costs associated with these commitments. The company has budgeted these expenses in order to execute and potentially generate revenue.

The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

The following table summarizes the financing activities conducted in 2019:

Date	Aggregate Number and Type of Securities Issue	Aggregate Proceeds	Price per Security
April 30, 2019	20,000,000 Common Shares	$400,000	$0.02
May 15, 2019	16,525,000 Common Shares	$1,652,500	$0.10
September 26, 2019	380,000 Common Shares	$38,000	$0.10
December 18, 2019	1,163,000 Common Shares	$138,300	$0.10
December 18, 2019	220,000 Common Shares	$22,000	$0.10

Capital expenditure – The company has allocated $109,451 to purchase cultivation equipment required in the process of cultivating hemp.

CAPITAL MANAGEMENT

The company actively manages its capital structure and adjust accordingly. There is no return on capital measure imposed on the management rather board provides the opportunity to the management to use their expertise and business acumen to generate value for the company and its stakeholders.

Management with the board reviews its capital management policies regularly. There were no changes to the company's approach to capital management in the current period.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the financial statements for the period ended December 31, 2019.

RELATED PARTY TRANSACTIONS

Related party transactions that might impact the financial statements but not disclosed elsewhere are summarised in this section.

Key management personnel include those people having significant authority and responsibility in the activities of the company. The Company has identified the directors and senior officers as key management personnel.

The Directors and Executive Officers of the Company as of the date of this report are as follows:
Steve Singh
Robert Tjandra
Steve Singh

The following table lists the compensation costs paid directly or to companies controlled by key management personnel for the fifteen months ended December 31, 2019:

15 Months ended December 31, 2019	**Consulting & Management Fees**
Steve Singh	$90,000
Robert Tjandra	$66,000
2619184 Ontario Inc./Raj Ravindran	$41,000
Total	**$197,000**

SUBSEQUENT EVENTS

Convid-19 Strategy

Given the current realty that started in March 2020 which we expect to continue through the year 2020 at the minimum. Our farming season is affected in many ways even though farming is considered essential service. We are affected in many ways including travel restrictions, getting temp workers, getting supplies in a timely manner. Considering all the current conditions management has come to decision to scale down the total outdoor cultivation acreage for the 2020 season by focusing on one of the three farm properties.

Cultivation

In January 2020, the Company started to prepare for the 2020 cultivation. The Company received its two units of customized 40 foot shipping containers in February ,2020. The container units serve as mobile mother plant selection “greenhouse”.

The Company has also purchased cultivation and harvesting equipment and machinery, which includes greenhouses to house the cloned plants, a transplanter machine with the capability to plant 1,600 plants per hour, and harvesting equipment to harvest hemp CBD flowers, with the capability to harvest 4 acres per hour.

The ensuing Covid-19 pandemic resulted in the management decision to focus cultivation operation only on one of the three properties, the Kettleby Lands.

As of April 30, 2020, two thousand seedlings are grown in the mobile mother plant selection units at the Kettleby Lands.

Approximately 250,000 female clones are expected to be ready by end of May 2020. Transplanting of the clones into the field is expected to continue from June to early July 2020, while harvesting of the flowers is expected to be in August 2020.

Product and Brand Development

Alami Beauty has launched its skin care products using hemp seed oil. The Company intends to expand Alami Beauty’s skin care product line to include CBD and other non-intoxicating cannabinoids. Alami Beauty recently launched its e-commerce website under the Qabo brand name (www.shopqabo.com).

The Company has also started to develop its topical product in collaboration with an Israeli product formulation company.

Distribution Channel Development

The Company assisted by CannDelta is expected to submit its application package for the Federal medical sales license (without possession of cannabis) (the "Federal Sales License") in the first week of May 2020.

The processing time to license issuance is expected to take approximately 4 to 6 months.

Prior to Covid-19 pandemic "global business activities reduction", Canbud DEPL Corp. has negotiated to sign a Memorandum of Understanding (MoU) with a strategic partner in Poland for CBD products distribution in Poland, Germany, and Spain. The Company expects to resume the negotiation upon resumption of global business activities post Covid-19.

Information Technology Platform Development

The CannaProve Master Service Agreement was terminated effective January 10, 2020, and upon termination, the Company received a full refund of the amount paid to CannaProve under the Master Service Agreement. In addition, the developer of CannaProve, 2665397 Ontario Inc, provided the Company with the project design and blueprint to allow the Company to continue developing the "clone to consumer" IT platform under the Company's proprietary platform, to be renamed "CanbudProve".

Research and Development

On April 1, 2020 the Company entered into a research agreement with Brock University to investigate the effects of endophytic fungi on growth promotion in hemp. The Company is currently negotiating an additional research and development project with Brock University that focuses on superior hemp cultivar development using "breeding with DNA markers".

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Expected credit losses

The Company applies the simplified approach as permitted by IFRS 9 for the expected credit loss (ECL) associated with financial assets. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes

Financial instruments

Financial assets and liabilities are recognized when the Company or its subsidiaries become party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of transaction costs, except for financial assets and liabilities classified as at fair value through profit and loss ("FVTPL"). The directly attributable transaction costs related with financial assets and liabilities recorded at FVTPL are expensed in the period they are incurred. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities. The classification of financial assets is generally based on its contractual cash flow characteristics and the business model in which it is managed.

ACCOUNTING POLICIES

Leases: Leasing activity for the Company typically involves the leases of land or buildings to grow crops and operate processing or cultivation facilities or corporate offices.

IFRS 16 for leases is a new standard that requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases on low-value assets are exempt from this requirement, and may continue to be treated as operating leases.

The Company has adopted IFRS 16, “Leases” and classified all the land leases based on IFRS 16 standards.

OUTSTANDING SHARE CAPITAL

Authorized	Unlimited number of no par value common shares	
Issued	Common shares	38,288,000

Currently the Corporation has 38,288,000 shares outstanding after a series of private placements. The table below shows all the shares issued to date.

Canbud Distribution Corp Share Issuance

Round of Financing	Date Issued	# Shares
Founders' Round	30-Apr-19	20,000,000
Friends & Family Round	15-May-19	16,525,000
Distribution Round 1	25-Sep-20	380,000
Distribution Round 2	17-Dec-20	1,163,000
Issued to Contractors for Debt	17-Dec-20	220,000
Total		**38,288,000**

RISKS AND RISK MANAGEMENT

Cultivation Risk

Risks inherent in the outdoor agriculture operations apply to the Corporation operations.

The Corporation will carry out risk management to mitigate the potential damage due to climate. Proper farm-land management will be carried out to anticipate too much rain falls. Drought will be anticipated by having stand-by water wells whenever feasible. In the longer run, plant genetic breeding work would produce a more drought and frost resistant strains or cultivars

The Corporation will also be implementing its technology platform “CanbudProve” which will include IOT sensors to provide cultivation environment data analytics.

To manage risk of pest and plant disease, the Corporation will develop an integrated pest and disease management system.

Extraction and Processing Risk

The Corporation will develop relationship with several third-party extraction and processing companies to mitigate the risk of not having a capacity to extract and process the cultivated hemp cbd flowers.

Distribution and Trading Risk

The CBD market is highly competitive despite it is a new industry.

The competitiveness is mainly due to regulatory requirements in marketing and sales of products containing CBD. Furthermore, many jurisdictions globally are still not permitting use of CBD for medical and wellness purposes.

The Corporation will manage the risk by exploring and developing numerous partnerships in offtake and distribution.

CBD Price Risk

Due to fierce competition in limited Canadian market, and US CBD supplies, there is a risk of decreasing CBD extracts pricing.

The Corporation will continuously develop its cost leadership strategy to anticipate competitive pricing.

Access to Capital Market Risk

The capital market may not be conducive to raising additional capital in the near future.

The Corporation has built a business model that demonstrates sustainability.

Regulatory Risk

The industry is highly regulated and the regulations in Canada as well as overseas jurisdictions continue to evolve.

The Corporation will mitigate the regulatory risk by working with experts/consultants to monitor, anticipate, and comply with respective regulations.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of December 31, 2020 and as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.

ADDITIONAL DISCLOSURE FOR VENTURE COMPANYS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's statement of loss and comprehensive loss and note disclosures contained in its financial statements for the period ended December 31, 2020. These statements are available on SEDAR's Website www.sedar.com.

CERTIFICATE OF THE COMPANY

July 29, 2020

This amended and restated Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required under the securities legislation of Ontario.

(Signed) "*Mukesh (Steve) Singh"*	(Signed) "*Rajkumar (Raj) Ravindran"*
Mukesh (Steve) Singh Chief Executive Officer	Rajkumar (Raj) Ravindran Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Robert Tjandra"*	(Signed) "*Rajkumar (Raj) Ravindran"*
Robert Tjandra Director	Rajkumar (Raj) Ravindran Director

CERTIFICATE OF THE PROMOTERS

July 29, 2020

This amended and restated Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required under the securities legislation of Ontario.

(Signed) *"Robert Tjandra"*	(Signed) *"Rajkumar (Raj) Ravindran*"
Robert Tjandra	Rajkumar (Raj) Ravindran