

A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Ontario and New Brunswick (the “Qualifying Jurisdictions”), but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities in those jurisdictions. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any applicable state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America (the “United States” or the “U.S.”) or for the benefit of U.S. Persons (as defined under the U.S. Securities Act) unless an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Maricann Group Inc. at 845 Harrington Court, Unit 3, Burlington, Ontario, L7N 3P3, telephone 289-288-6274, and are also available electronically at www.sedar.com.

AMENDED AND RESTATED PRELIMINARY SHORT FORM PROSPECTUS (amending and restating the preliminary short form prospectus dated January 26, 2018)

New Issue

March 5, 2018



MARICANN GROUP INC.

**21,131,250 Common Shares and 10,565,625 Warrants
issuable upon deemed exercise of 20,125,000 Special Warrants**

This short form prospectus (the “**Prospectus**”) is being filed by Maricann Group Inc. (the “**Corporation**”) to qualify the distribution of 21,131,250 units (the “**Units**”) of the Corporation, each Unit being comprised of one common share in the capital of the Corporation (a “**Unit Share**”) and one-half of one common share purchase warrant of the Corporation (each whole common share purchase warrant, a “**Warrant**”) upon the deemed exercise of 20,125,000 special warrants (the “**Special Warrants**”) of the Corporation. The Special Warrants were issued on January 9, 2018 (the “**Closing Date**”) to purchasers resident in British Columbia, Alberta, Saskatchewan, Ontario and New Brunswick (in addition to purchasers resident in jurisdictions outside of Canada) on a private placement basis at a price of \$2.00 per Special Warrant (the “**Offering Price**”), for aggregate gross proceeds to the Corporation of \$40,250,000, (the “**Offering**”). The Special Warrants were issued pursuant to the terms of a special warrant indenture dated January 9, 2018 (the “**Special Warrant Indenture**”) between the Corporation and TSX Trust Company, as special warrant agent thereunder (the “**Special Warrant Agent**”), and an agency agreement dated January 9, 2018 (the “**Agency Agreement**”) among the Corporation, Eight Capital, as sole bookrunner and co-lead agent, Canaccord Genuity Corp., as co-lead agent, and Industrial Alliance Securities Inc. (collectively, the “**Agents**”). The Offering Price and other terms of the Offering were determined by arm’s length negotiations between the Corporation and the Agents. See “*Plan of Distribution*”.

The Warrants will be issued pursuant to the terms of a warrant indenture dated January 9, 2018 (the “**Warrant Indenture**”) between the Corporation and TSX Trust Company, as warrant agent thereunder (the “**Warrant Agent**”). Each Warrant entitles the holder thereof to purchase one common share in the capital of the Corporation (a “**Warrant Share**”) at a price of \$2.35 per Warrant Share until 5:00 p.m. (Toronto time) on January 9, 2021, subject to adjustment in certain events. See “*Description of Securities Being Distributed*”.

The outstanding common shares of the Corporation (the “**Common Shares**”) are listed for trading on the Canadian Securities Exchange (the “**CSE**”) under the symbol “MARI”, on the OTCQB under the symbol “MRRCF”, and on the Frankfurt Stock Exchange under the symbol “75M”. On December 11, 2017, the last trading day before the announcement of the Offering, the closing price of the Common Shares on the CSE was \$2.13. The Corporation has made the required filings to the CSE to list the Unit Shares and Warrant Shares. Listing will be subject to the fulfilment of all the listing requirements of the CSE.

There is no market through which the Special Warrants or the Warrants may be sold, and purchasers may not be able to resell the Special Warrants or the Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants and the Warrants in the secondary markets, the transparency and availability of trading prices, the liquidity of the Special Warrants and the Warrants and the extent of issuer regulation.

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Corporation from the distribution of the Units upon the deemed exercise of the Special Warrants.

	Price to the Public ⁽¹⁾	Agents’ Commission ⁽²⁾	Net Proceeds to the Corporation ⁽³⁾⁽⁴⁾
Per Special Warrant	\$2.00	\$0.095	\$1.905
Total	\$40,250,000	\$1,941,900	\$38,308,100

Notes:

- (1) The Offering Price was determined by arm’s length negotiation between the Corporation and the Agents.
- (2) In consideration for the services rendered by the Agents in connection with the Offering, the Corporation paid to the Agents an aggregate cash commission of \$1,941,900 (the “**Agents’ Commission**”), representing approximately 5.0% of the gross proceeds of the sale of Special Warrants, other than an aggregate of 980,000 Special Warrants which were sold to certain purchasers agreed upon by the Corporation and the Agents (the “**President’s List Purchasers**”) in respect of which a reduced commission of 1.5% applied. In addition, the Agents were issued an aggregate of 970,950 compensation warrants (the “**Compensation Warrants**”), representing approximately 5.0% of the Special Warrants sold pursuant to the Offering (excluding 980,000 Special Warrants sold to the President’s List Purchasers, for which the Agents received Compensation Warrants representing 1.5% of the Special Warrants sold to the President’s List Purchasers). Each Compensation Warrant is non-transferable and exercisable to acquire one unit of the Corporation (each, a “**CW Unit**”) at a price of \$2.00 per CW Unit, until 5:00 p.m. (Toronto time) on January 9, 2020, subject to adjustment in certain events. Each CW Unit consists of one Common Share (each, a “**CW Share**”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “**CW Warrant**”). Each CW Warrant is exercisable to acquire one Common Share (each, a “**CW Warrant Share**”) at a price of \$2.35 per CW Warrant Share, until 5:00 p.m. (Toronto time) on January 9, 2021. The Compensation Warrants and CW Units issuable upon exercise of the Compensation Warrants are not qualified by this Prospectus. See “*Plan of Distribution*”.
- (3) After deducting the Agents’ Commission in the amount of \$1,941,900 but before deducting the expenses of the Offering and the qualification for distribution of the Units, estimated to be \$400,000.
- (4) The distribution of the Units upon the deemed exercise of the Special Warrants will not result in any proceeds being received by the Corporation.

Each Special Warrant will be deemed to be automatically exercised on behalf of, and without any further action or payment required on the part of, the holder thereof at 5:00 (Toronto time) on the date (the “**Deemed Exercise Date**”) that is the earlier of: (i) the third business day after the date a receipt (a “**Receipt**”) is issued for a final prospectus (the “**Qualification Date**”) qualifying the distribution of the Unit Shares and the Warrants by the securities regulatory authorities in each of the Qualifying Jurisdictions; and (ii) May 10, 2018. See “*Plan of Distribution*” and “*Description of Securities Being Distributed*”.

Each Special Warrant was originally exercisable to acquire one Unit of the Corporation. As the Qualification Date did not occur on or before February 27, 2018 (the “**Qualification Deadline**”), each Special Warrant now entitles the holder thereof to receive upon the deemed exercise, for no additional consideration (the “**Penalty Provision**”), 1.05 Units (instead of 1.0 Unit) in accordance with the terms of the Special Warrant Indenture. This Prospectus qualifies the distribution of: (i) the 1,006,250 Unit Shares (the “**Penalty Shares**”); and (ii) the 503,125 Warrants (the “**Penalty Warrants**”) issuable pursuant to the Penalty Provision, for a total of 21,131,250 Unit Shares and 10,565,625 Warrants. Unless the context otherwise requires, all references herein to the “**Offering**”, “**Units**”, “**Unit Shares**”, and “**Warrants**” includes the Penalty Shares and Penalty Warrants issued in connection with the Penalty Provision. See “*Plan of Distribution*”. The Corporation has agreed with the Agents to continue to use its best efforts to obtain the Receipt as soon as possible following the Qualification Deadline until such time as all the Special Warrants are deemed to have been exercised.

The Corporation has not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus. An investment in the securities of the Corporation

is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Risk Factors” and “Cautionary Statement Regarding Forward Looking Information”. Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

The Offering was conducted through the book-based system and the Special Warrants (other than those issued to a U.S. purchaser that received a definitive certificate) were issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) and deposited with CDS on the Closing Date. The Unit Shares and Warrants issued upon the deemed exercise of the Special Warrants will also be held by CDS and a purchaser of the Special Warrants (other than the U.S. purchaser that received a definitive certificate) will not receive definitive certificates representing the Unit Shares and Warrants. See “Plan of Distribution”.

Unless otherwise indicated, all references to dollar amounts in this Prospectus are to Canadian dollars. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.

Reference to “United States” or “U.S.” are references to the United States of America.

Investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Special Warrants, the Unit Shares and the Warrants, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Special Warrants, the Unit Shares or the Warrants.

Certain legal matters in connection with the Offering and this Prospectus have been or will be reviewed on behalf of the Corporation by Cassels Brock & Blackwell LLP and on behalf of the Agents by DLA Piper (Canada) LLP.

The Corporation’s head and registered office is located at 845 Harrington Court, Unit 3, Burlington, Ontario, L7N 3P3.

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ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

One of the Corporation's directors, Gerhard Müller, resides outside of Canada. Mr. Müller has appointed Cassels Brock & Blackwell LLP as agents for service of process at the following address: 40 King Street West, Suite 2100, Toronto, Ontario M5H 3C2. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if that person has appointed an agent for service of process. See "*Risk Factors*".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this Prospectus and the documents incorporated by reference herein may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information is based upon the Corporation's and its management's current internal predictions, expectations, beliefs, plans, projections, objectives, goals, strategies, assumptions, priorities, intentions or estimates. Forward-looking information can often be identified by forward-looking words or phrases such as "believes", "expects", "anticipates", "intends", "plans", "estimates", "schedules", "forecasts", "budgets", "proposes", or variations or comparable language of such words, and phrases or statements stating that certain actions, events or results "may", "could", "would", "should", "might" or "will" occur, be taken or be achieved or other connotations or such words or phrases or other similar expressions concerning matters that are not historical facts. Forward-looking information may also include, without limitation, any statement relating to future events, conditions or circumstances. The Corporation cautions the reader not to place undue reliance upon any such forward-looking information.

Forward-looking information does not constitute historical fact but rather reflects the current expectations of the Corporation regarding future results or events based on information that is currently available. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the results, performance, achievements, predictions, forecasts, projections and other forward-looking information will not occur or will differ materially from such anticipated results, performance, achievements, predictions, forecasts, projections or other forward-looking information. Forward-looking information in this Prospectus and the documents incorporated by reference herein includes, but is not limited to, statements with respect to:

- the Corporation's expectations regarding its revenue, expenses and operations;
- the Corporation's anticipated cash needs and its needs for additional financing;
- the Corporation's integration of its acquisitions;
- uncertainties with respect to completing the Haxxon Transaction (as defined herein);
- the Corporation's plans, budget and costs for, and timing of, the expansion of Site 138 (as defined herein) in Langton, Ontario;
- the Corporation's future growth plans, including, but not limited to, its plans for European expansion;
- anticipated timing for receiving certain licenses and certifications, including with respect to exportation/importation to and in Germany and wholesale activities in Germany;
- the Corporation's ability to attract new customers and develop and maintain relationships with existing customers;
- the Corporation's expectations with respect to increased production capacity and timing and quantum of distribution activities;
- plans with respect to the payment of dividends;
- the Corporation's ability to identify, attract, hire, train, motivate and retain personnel;
- the Corporation's technology and data, and expected uses and benefits;
- general economic, business and political conditions;
- stock market volatility;
- anticipated costs and ability to achieve goals including production capacity;
- the use of net proceeds of the Offering, including but not limited to, in respect of the Expansion (as defined herein);
- the ability of the Corporation to renew its licenses from Health Canada and obtain additional licenses elsewhere;
- compliance with regulatory requirements as set out by ACMPR (as defined herein) and Health Canada;
- the outcome of the regulatory investigation related to the Chief Executive Officer of the Corporation and other matters as discussed under "*Other Information*";
- medical benefits, viability, safety, efficacy, and social acceptance of cannabis;

- the impact and expected timing of certain changes in cannabis laws and regulations in the jurisdictions in which the Corporation operates;
- the Corporation's competitive position and its expectations regarding competition in the cannabis industry; and
- anticipated trends and challenges in the Corporation's industry, its business and the markets in which it operates.

Although the Corporation believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. The Corporation cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither the Corporation nor any other person assumes responsibility for the accuracy or completeness of the forward-looking information. Some of the risks and other factors, some of which are beyond the Corporation's control, which could cause results to differ materially from those expressed in the forward-looking information contained in this Prospectus, include, but are not limited to construction delays; weather issues affecting crops; delays in getting required permits; changes in laws; regulatory hurdles; fluctuations in operating results; the impact of general economic, industry and market conditions; social acceptance risks associated with cannabis products; the ability to recruit and retain qualified employees; risks of litigation; fluctuations in cash flow; increased levels of outstanding debt and obligations under a capital lease; inherent uncertainties in estimations regarding market demand for particular products and the dependence on new product development; the impact of market change; and the impact of price and product competition and such other risks and uncertainties set forth under "*Risk Factors*" in this Prospectus and in the AIF (as defined herein), as well as other documents incorporated by reference herein.

The forward-looking information contained in this Prospectus is presented as of the date of this Prospectus and, accordingly, is subject to change after such date. Forward-looking information is disclosed for the purpose of providing information about management's current expectations and plans and allowing investors and others to gain a better understanding of the Corporation's operating environment. The Corporation does not intend or undertake to publicly update any forward-looking information included in this Prospectus, whether as a result of new information, future events or otherwise, except in accordance with applicable Canadian securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. The Corporation is permitted to "incorporate by reference" such information, which means that the Corporation can disclose important information to you by incorporating certain documents into this Prospectus. Information that is incorporated by reference is an important part of this Prospectus. Copies of the Corporation's documents incorporated by reference may be obtained on request without charge from the Secretary of the Corporation by telephone at 289-288-6274, and are also accessible at www.sedar.com.

The following documents of the Corporation, which have been filed with the applicable securities commissions or similar regulatory authorities in Canada, are incorporated by reference into and form an integral part of this Prospectus:

- the annual information form of the Corporation dated January 19, 2018 for the year ended December 31, 2016 (the "**AIF**");
- the audited consolidated financial statements of Danbel (as defined herein) for the year ended December 31, 2016, together with the auditor's report thereon and the notes thereto;
- the audited consolidated financial statements of Danbel for the year ended December 31, 2015, together with the auditor's report thereon and the notes thereto appended to the Form 2A Listing Statement of Danbel dated April 7, 2017;
- Danbel's management's discussion and analysis for the year ended December 31, 2016;
- the unaudited condensed interim consolidated financial statements of the Corporation for the period ended September 30, 2017 and 2016, together with the notes thereto;
- the Corporation's management's discussion and analysis for the period ended September 30, 2017 and 2016;
- the audited annual financial statements of RTO Acquirer (as defined herein) for the year ended December 31, 2016, together with the auditor's report thereon and the notes thereto, filed on May 10, 2017⁽¹⁾;
- the management's discussion and analysis of RTO Acquirer for the year ended December 31, 2016, filed on May 10, 2017⁽¹⁾;

- the audited annual financial statements of the RTO Acquirer for the year ended December 31, 2015 and the comparative financial statements for the year ended December 31, 2014, together with the auditor's report thereon and the notes thereto, appended to the Listing Statement on Form 2A of Danbel dated April 7, 2017;
- the management information circular dated March 13, 2017 of Danbel in respect of the meeting of shareholders held on April 13, 2017;
- the Corporation's management information circular dated November 10, 2017 in respect of the Corporation's meeting of shareholders held on December 15, 2017;
- the material change report dated March 6, 2017 with respect to the Corporation entering into a binding definitive agreement in connection with the RTO (as defined herein);
- the material change report dated April 27, 2017 with respect to the completion of the RTO;
- the material change report dated April 27, 2017 with respect to the Common Shares beginning trading on the CSE and the completion of the RTO;
- the material change report dated May 2, 2017 with respect to the Corporation establishing Maricann GmbH, a new subsidiary in Germany;
- the material change report dated September 1, 2017 with respect to the Corporation entering into a share purchase agreement in connection with the Acquisition (as defined herein);
- the material change report dated November 3, 2017 with respect to the closing of a private placement offering of convertible debenture units and the Acquisition;
- the business acquisition report dated January 10, 2018 with respect to the acquisition of NanoLeaf Technologies Inc. (the "**Acquisition**").
- the material change report dated January 16, 2018 with respect to the closing of the Offering;
- the material change report dated January 31, 2018 with respect to the announcement of the Bought Deal Offering (as defined herein); and
- the material change report dated March 2, 2018 with respect to the announcement of the termination of the Bought Deal Offering, the resignations of Neil Tabatznik (as a director and Chairman of the board of directors of the Corporation (the "**Board**")) and Raymond Stone (as a director of the Corporation), and the appointment of Paul Pathak as the interim Chairman of the Board.

Note:

- (1) The RTO Acquirer was Maricann Inc. References to "Maricann Group Inc." in the audited annual financial statements of the RTO Acquirer for the year ended December 31, 2016 and the corresponding management's discussion and analysis of the RTO Acquirer for the year ended December 31, 2016 shall be understood as references to Maricann Inc., except in note 3 and note 22 to the audited annual financial statements of the RTO Acquirer for the year ended December 31, 2016.

Any material change reports (excluding confidential material change reports), annual information forms, interim consolidated financial statements and related management's discussion and analysis, annual audited consolidated financial statements (including the independent auditor's report thereon) and related management's discussion and analysis, business acquisition reports, information circulars and certain other disclosure documents, of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated in a short form prospectus, filed by the Corporation with any securities commissions or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of the distribution of the Unit Shares and Warrants are deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Corporation and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

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

MARKETING MATERIALS

Any “template version” of any “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed under the Corporation’s profile on SEDAR at www.sedar.com after the date of this Prospectus and before the termination of the distribution under the Offering will be deemed to be incorporated by reference into this Prospectus.

SUMMARY DESCRIPTION OF BUSINESS

Corporate Structure

The Corporation was incorporated as “Augusta Technologies Inc.” on December 19, 1996 pursuant to Articles of Incorporation issued under the *Business Corporations Act* (Alberta). On December 21, 1998, the Corporation changed its name to “Danbel Industries Corporation” and continued into the Province of Ontario on December 24, 1998. The Corporation changed its name to “Danbel Ventures Inc.” (“**Danbel**”) on December 1, 2011. Maricann Inc. was incorporated pursuant to Articles of Incorporation issued under the *Business Corporations Act* (Ontario) (the “**OBCA**”) on April 25, 2013.

On April 20, 2017, Maricann Inc. (also referred to herein as the “**RTO Acquirer**”) completed a reverse takeover of Danbel. (the “**RTO**”). Pursuant to the RTO, 2563554 Ontario Inc., a wholly-owned subsidiary of Danbel, merged with Maricann Inc. and the combined entity became a wholly-owned subsidiary of the Corporation. In connection with the RTO, the Corporation completed a consolidation (the “**Consolidation**”) of its Common Shares on the basis of one post-consolidation Common Share for every 9.22 pre-consolidation Common Shares. Upon completion of the RTO, Common Shares were issued to former shareholders of Maricann Inc., on a one-for-one basis and the business and shareholders of Maricann Inc. became the business and shareholders of the Corporation. The Corporation filed Articles of Amendment on April 20, 2017 to change its name to “Maricann Group Inc.”

The chart below indicates the inter-corporate relationships of the Corporation and its significant subsidiaries (and includes their jurisdiction of incorporation in parenthesis) as of the date hereof.

Name of Subsidiary	Jurisdiction of Incorporation, Continuance, Formation or Organization	Percentage of Voting Securities Owned	Holder of Outstanding Voting Securities
Maricann Inc.	Ontario, Canada	100%	Maricann Group Inc.
NanoLeaf Technologies Inc.	Ontario, Canada	100%	Maricann Group Inc.
Maricann B.V.	Netherlands	100%	Maricann Inc.
Maricann GmbH	Bavaria, Germany	95% 5%	Maricann B.V. INEG Holding UG ⁽¹⁾
Mariplant GmbH	Saxony, Germany	95% 5%	Maricann B.V. INEG Holding UG ⁽¹⁾

Note:

(1) INEG Holdings is wholly-owned by the General Manager of Maricann GmbH.

The Common Shares are listed under the symbol “MARI” on the CSE.

The head and registered office of the Corporation is located at 845 Harrington Court, Unit 3, Burlington, Ontario. The Corporation’s website is www.maricann.com.

Description of the Business

The Corporation is a vertically integrated medical marijuana company, operating a cultivation, extraction and distribution business. The Corporation, through its wholly-owned subsidiary Maricann Inc., is permitted to possess, produce, sell, ship, transport, deliver and destroy dried medical marijuana, marijuana plants (including plants and seeds), cannabis resin and cannabis oil in Ontario.

The Corporation currently conducts all of its active business through Maricann Inc. Maricann Inc. is a licensed Medical Marijuana producer (a “**Licensed Producer**”) as regulated by Health Canada under the *Access to Cannabis for Medical Purposes Regulation* (“**ACMPR**”). Maricann Inc. first received its cultivation license on March 27, 2014 and its full Health Canada sales license to produce and distribute medical marijuana on December 12, 2014. Maricann Inc. commenced sales of medical cannabis in December 2014 and cannabis oil production and sales in May 2016 and October 2016, respectively. All of its licences were renewed on November 28, 2017, with an expiry date of October 9, 2020. All current marijuana activities of Maricann Inc. are conducted at Site 150 (as defined herein), which holds the current license under the ACMPR. On September 5, 2017, Maricann Inc. received a second site license for its Burlington, Ontario location (License No. 10-MM0808/2017). In November 2017, Maricann Inc. received a new licence that removes annual production limits on approved medical cannabis products in its Langton, Ontario Site 150 facility (License No. 10-MM0804/2017). This licence increases permitted capacity to 6,250,000 grams on site at any one time. This is an increase from the previous annual licence that limited production to a total of 1,282,000 grams (930kg of dried marihuana and 352 kg of cannabis oil) per year. The Corporation has submitted a new (separate) licence application for Site 138 (discussed below).

Maricann Inc.’s current licensed facility is located at 150, 8th Concession Road, Langton, Ontario (“**Site 150**”). The Corporation is currently building a new facility at 138, 8th Concession Road, Langton, Ontario (“**Site 138**”). Site 150 is currently leased pursuant to the Site 150 Lease (as defined herein), whereas Site 138 is owned by the Corporation. Additionally, the Corporation has a corporate office located at 845 Harrington Court, Unit 3, Burlington, Ontario. This location is leased.

Maricann Inc. currently occupies and conducts operations at Site 150, as tenant, pursuant to a lease agreement dated September 20, 2013 (the “**Site 150 Lease**”). The Site 150 Lease carries a five-year term, subject to certain adjustments, which commenced on November 1, 2013 and expires on October 31, 2018. Pursuant to the Site 150 Lease, Maricann Inc. currently makes monthly rent payments to the Site 150 landlord of \$6,250 (excluding additional payments owing pursuant to the Site 150 Lease in respect of, among other things, certain applicable taxes and operating costs), and is obligated to make such payments, subject to certain adjustments, until the expiration of the Site 150 Lease. The Site 150 Lease provides Maricann Inc. with the right to extend the term of the Site 150 Lease for two further periods of five years each, commencing on the day following the last day of the term of the Site 150 Lease or the preceding extension term, subject to certain conditions. The Site 150 Lease includes standard default provisions relating to, among other things, failures of Maricann Inc. to complete payments owing and other performance obligations under the Site 150 Lease. See “*Risk Factors*”.

The Corporation conducts business in Canada and Germany. CSA Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* (“**SN 51-352**”), as revised on February 8, 2018, provides specific disclosure expectations for issuers that currently have, or are in the process of developing, marijuana-related activities in U.S. states where such activity has been authorized within a state regulatory framework. Currently, the Corporation does not intend to carry on business in the United States or invest, directly or indirectly, in any business that derives revenue, directly or indirectly, from the sale of cannabis or cannabis products in the United States or in any jurisdiction where the sale of cannabis is unlawful under applicable laws.

Maricann Inc. is party to certain exclusivity agreements with U.S. based companies that may themselves participate in the U.S. cannabis market. Under such agreements, Maricann Inc. does not invest in or provide goods or services to an entity directly involved in the U.S. marijuana industry, nor does it do so in an indirect or ancillary manner. Instead, under such agreements, Maricann Inc. is provided with the right to act as the exclusive distributor and retailer of the brand names of the respective counterparties in Canada in accordance with the Health Canada license held by Maricann Inc. under the ACMPR. These agreements do not involve the Corporation, Maricann Inc. or their subsidiaries in any U.S. activities respecting cannabis.

Recent Developments

On October 27, 2017, the Corporation announced that it completed the Acquisition, pursuant to which it acquired 100% of the issued and outstanding shares of NanoLeaf Technologies Inc. (“**NanoLeaf**”), a biotech company possessing certain rights by means of a sub-license to a number of internationally patented technologies that provide pharmaceutical, nutraceutical, cosmetic and functional beverage drug delivery formulations. Pursuant to the Acquisition, NanoLeaf shareholders received \$38.5 million in consideration for their shares in the capital of NanoLeaf, which amount was satisfied by delivery of approximately 18.3 million Common Shares at a deemed value of \$2.10 per Common Share (subject to adjustment as set forth in the share purchase agreement dated October

27, 2017 in respect of the Acquisition). The Corporation also loaned NanoLeaf \$1.6 million in cash to settle existing liabilities of NanoLeaf in advance of completing the Acquisition, resulting in deemed total Acquisition consideration of \$40.1 million.

NanoLeaf licensed the rights to the proprietary and patented VESIsorb® technology. The Corporation believes VESIsorb® will be critical to the Corporation's strategy for product development and formulation of finished dose products. The Corporation intends to utilize VESIsorb® in topical, ingestible (beverages, edibles, capsules and mucosal sprays) products. The Corporation estimates that utilization of the VESIsorb® technology will result in a lesser requirement of active pharmaceutical ingredient (“**API**”) (cannabinoids, terpenoids, flavinoids) by approximately 75% on average due to API being absorbed to the blood stream through the lining of the stomach and the intestines, rather than first pass metabolism in the liver.

The Corporation plans to invest approximately \$500,000 for regulatory approvals and analytical testing of formulations, including recording of stability data for end product, of the VESIsorb® technology. The Corporation plans to also licence VESIsorb® to other companies in the cannabis sector for product categories in which the Corporation chooses not to participate. The Corporation has contract manufactured 10,000 units of 30 capsules with 25 mg of CBD from SourceOne for distribution in the European Union as a food supplement. See also “*Risk Factors*”.

On October 27, 2017, the Corporation completed a brokered private placement of \$31,000,000 aggregate principal amount of convertible debenture units (the “**Convertible Debenture Units**”) at a price of \$1,000 per Convertible Debenture Unit (the “**October 2017 Financing**”). Each Convertible Debenture Unit was comprised of \$1,000 principal amount of 9.0% secured convertible debentures due October 27, 2020 (the “**Convertible Debentures**”) and 313 common share purchase warrants of the Corporation (the “**Unit Warrants**”). Convertible Debentures sold to insiders as part of the October 2017 Financing, aggregating \$6,000,000 principal amount, are subject to a conversion price of \$1.68 per Common Share, subject to adjustment in certain events. The remaining \$25,000,000 principal amount of the Convertible Debentures have a conversion price of \$1.60 per Common Share, subject to adjustment in certain events. Each Unit Warrant is exercisable to acquire one Common Share (a “**Warrant Share**”) until October 27, 2020 at an exercise price of \$2.30 per Warrant Share, subject to adjustment in certain events. As consideration for their services in connection with the October 2017 Financing, the agents received compensation warrants with the same terms as the Unit Warrants.

On November 6, 2017, the Corporation announced that it and a national provider that services over 2,000 pharmacies across Canada (the “**Counterparty**”) entered into a definitive agreement to create a pharmacy services program designed to enable pharmacists to counsel and appropriately educate patients in relation to medicinal cannabis. The joint initiative aims to position pharmacies to be a preferred access point for medicinal cannabis based on pharmacists’ role in working with physicians and patients in understanding the multi-synchronistic opportunities in multi-medication patients.

On November 8, 2017, the Corporation announced that Health Canada had granted Maricann Inc. a new licence that removed annual production limits on approved medical cannabis products in the Corporation’s Langton, Ontario facility. This new licence increases capacity to 6,250,000 grams on site at any one time. This is an increase from its previous annual licence that limited production to a total of 1,282,000 grams (930kg of dried marihuana and 352 kg of cannabis oil) per year and is valid until October 9, 2020.

On November 20, 2017, the Corporation announced that it had commenced production of encapsulated cannabis oil, following receipt of its production license from Health Canada on November 17, 2017. The Corporation expects patients to be able to order oil capsules starting in the first quarter of 2018, subject to Health Canada’s issuance of the required license to sell. See “*Risk Factors*” in the AIF.

On December 12, 2017, the Corporation announced that it signed a definitive agreement with Lovell Drugs Limited (“**Lovell Drugs**”) to be the exclusive provider of medicinal cannabis products to its pharmacies. Lovell Drugs is, in partnership with the Corporation, implementing a medical cannabis education and access program for its pharmacists and allied community physicians in an effort to facilitate the counselling and fulfillment of medical cannabis to its patients. The Corporation fulfills prescriptions directly to Lovell Drugs’ patients through the existing ACMPR. Lovell Drugs has already begun sending patients to Maricann Inc. for registration. The first patient registration was fulfilled in December 2017. The term of the agreement is four years, with an option to extend

another three years if the parties thereto mutually agree. Pursuant to the terms of the agreement, Lovell Drugs receives a percentage of the Corporation's product sale revenue generated from patients acquired and serviced from Lovell Drugs' retail pharmacies. As part of the development of medical cannabis content, the Corporation has agreed to provide funding of up to \$15,000 for initiatives to support continuing education for Lovell Drugs personnel and their patients.

On January 2, 2018, the Corporation announced that it entered into an exclusivity agreement (the "**RD Agreement**") with Rare Dankness LLC ("**RD**") to bring certified strains and cannabis products to Canada. The RD Agreement provides the Corporation with exclusive distribution and retail rights for the Canadian markets for specified Rare Dankness Genetics and Products for a five year term, subject to the Corporation meeting minimum wholesale targets each year or paying an exclusivity fee and a right of first refusal to act as RD's exclusive distributor for such products in Europe.

On January 9, 2018, the Corporation closed the Offering. As consideration for their services in connection with the Offering, the Agents received a cash commission and the Compensation Warrants.

On January 11, 2018, the Corporation provided an operational update following the closing of the Offering, including the announcement of: (i) Phase One construction on the Corporation's Site 138 facility in Langton, Ontario progressing on schedule and within 2% of budget, with initial production capacity anticipated to be 22,500 kg per year; (ii) Phase Two and Phase Three construction having commenced; with a target capacity of 95,000 kg per year; and (iii) expectations for receiving certain licenses and certifications to allow the Corporation to export packaged dry cannabis flowers and distribute 25mg CBD VesiSorb capsules to Germany in 2018.

On January 24, 2018, the Corporation announced that it signed a non-binding term sheet for a proposed acquisition of all the issued and outstanding common shares of Haxxon AG ("**Haxxon**") and all of its affiliates and subsidiaries, for an aggregate purchase price of CHF 8,000,000 (\$11,007,200⁽¹⁾), of which CHF 2,000,000 (\$2,751,800⁽¹⁾) will be payable in cash and CHF 6,000,000 (\$8,255,400⁽¹⁾) payable in Common Shares at the 20-day volume weighted average trading price of the Common Shares prior to the closing of the transaction (the "**Haxxon Transaction**"). Haxxon is based in Regensdorf, Switzerland and operates a 60,000 sq. ft. facility where it cultivates feminized cannabis plants with a content of less than 1% THC ("**Low THC Strains**"). The Haxxon Transaction, if completed, will allow the Corporation to produce Low THC Strains in Switzerland, which would then be manufactured into finished products. The completion of the Haxxon Transaction is subject to due diligence, the entering into of a definitive binding documentation and obtaining all required approvals. The Corporation has been granted a period of exclusivity until March 30, 2018 to complete its due diligence and enter into a definitive agreement in respect of the Haxxon Transaction.

Haxxon currently cultivates Low THC Strains and produces cannabis products with a content of less than 1% THC, which are not subject to the *Federal Act on Narcotics and Psychotropic Substances* (the "**Swiss Narcotics Act**") in Switzerland. Upon the completion of the Haxxon Transaction, if and when completed, the Corporation's current intentions are that Haxxon will continue to limit its commercial activities in Switzerland to cannabis products, in the form of cigarettes, with less than 1% THC.

On February 2, 2018, the Corporation entered into an underwriting agreement (the "**Underwriting Agreement**") with Eight Capital, Canaccord Genuity Corp., GMP Securities Inc., Industrial Alliance Securities Inc., and Clarus Securities Inc. (collectively, the "**Underwriters**") pursuant to which the Underwriters agreed to purchase 17,500,000 units of the Corporation (the "**BD Units**") on a "bought deal" basis pursuant to the filing of a short form prospectus, subject to all required regulatory approvals, at a price of \$4.00 per BD Unit for gross proceeds of up to \$70,000,000 (the "**Bought Deal Offering**").

On February 12, 2018, the Corporation appointed Geoff Kosar as Vice-President, Sales & Marketing.

On February 27, 2018, Neil Tabatznik resigned as a director of the Corporation and as the Chairman of the Board, Raymond Stone resigned as a director of the Corporation and Paul Pathak was appointed as the interim Chairman of the Board. See "*Other Information*".

On March 1, 2018, the Corporation announced the termination of the Bought Deal Offering.

Additional information in respect of the Corporation's business is available in the AIF and other documents incorporated by reference herein.

Note:

(1) Based on the Bank of Canada daily exchange rate on March 2, 2018 of CHF 1.00 to \$1.3759.

REGULATORY FRAMEWORK

Regulatory Framework in Canada

Summary of the ACMPR

The ACMPR replaced the *Marihuana for Medical Purposes Regulations* (the "**MMPR**") as the governing regulations in respect of the production, sale and distribution of medical cannabis and related oil extracts. The ACMPR effectively combines the regulations and requirements of the MMPR, the *Marihuana Medical Access Regulations* and the section 56 exemptions relating to cannabis oil under the *Controlled Drugs and Substances Act* into one set of regulations. In addition, among other things, the ACMPR sets out the process patients are required to follow to obtain authorization from Health Canada to grow cannabis and to acquire seeds or plants from Licensed Producers to grow their own cannabis. Under the ACMPR, patients have three options for obtaining cannabis:

- (a) they can continue to access quality-controlled cannabis by registering with Licensed Producers;
- (b) they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes; or
- (c) they can designate someone else to produce it for them.

With respect to items (b) and (c) above, starting materials, such as plants or seeds, must be obtained from Licensed Producers. It is possible that (b) and (c) could significantly reduce the addressable market for the Corporation's products and could materially and adversely affect the business, financial condition and results of operations of the Corporation. That said, management of the Corporation believes that many patients may be deterred from opting to proceed with options (b) or (c) since such steps require applying for and obtaining registration from Health Canada to grow cannabis, as well as the incurring of the up-front costs of obtaining equipment and materials to produce cannabis.

Reporting Requirements under the ACMPR

As described under the ACMPR (see Part 1, Division 5 of the ACMPR), Licensed Producers are required to keep records of, among other things, their activities with cannabis, including all transactions (sale, exportation, and importation), all fresh or dried marijuana or cannabis oils returned from clients, and an inventory of cannabis (e.g. seeds, fresh harvested marijuana, dried marijuana, packaged marijuana, packaged marijuana seeds, cannabis oil, marijuana plants destined to be sold or provided). All records have to be kept for a period of at least two years, in a format that will be easily auditable, and must be made available to Health Canada upon request. All communications regarding reports for healthcare licensing authorities, including both those sent and received, are also subject to this two year requirement.

A Licensed Producer must provide Health Canada with a case report for each serious adverse reaction to fresh or dried marijuana or cannabis oil within 15 days of the Licensed Producer becoming aware of the reaction. A Licensed Producer must annually prepare and maintain a summary report that contains a concise and critical analysis of all adverse reactions that have occurred during the previous 12 months (the serious adverse reaction reports and the summary reports must be retained by the Licensed Producer for a period of 25 years after the day on which they were produced).

Health Canada released an Information Bulletin titled, "Licensed Producers' Reporting Requirements" to provide an overview of the information Licensed Producers must provide to Health Canada on a monthly basis. Licensed Producers must provide the following information to the Office of Controlled Substances for the previous month on or before the 15th day of each month:

- With respect to fresh and dried marijuana, cannabis oil, cannabis seeds and marijuana plants, Licensed Producers must report the amounts produced, as well as the amounts received from another Licensed Producer as follows:
 - total amount produced in the reporting period;
 - amount released for sale in the reporting period;
 - amount of fresh and dried marijuana produced in the reporting period and intended for extraction activities; and
 - amount received from other Licensed Producers during the reporting period;
- With respect to fresh and dried marijuana, cannabis oil, cannabis seeds and marijuana plants, Licensed Producers must report the total amount sold or transferred to the following during the reporting period:
 - registered clients;
 - other Licensed Producers; and
 - licensed dealers;
- Number of clients registered;
- Number of clients registered by province or territory of residence;
- Number of refused registrations and refusals to fill order;
- With respect to fresh and dried marijuana and cannabis oil, Licensed Producers must report as of the final day of the reporting period the amounts held in inventory as follows:
 - total amount held in inventory;
 - amount intended for sale but not yet approved held in inventory;
 - amount approved for sale held in inventory;
 - amount of samples in inventory; and
 - amount of fresh and dried marijuana intended for extraction activities held in inventory;
- With respect to cannabis seeds and marijuana plants, Licensed Producers must report:
 - the total number of plants held in inventory;
 - the number of plants destined to be sold as starting material held in inventory;
 - the total weight of seeds held in inventory; and
 - the number and weight of seeds destined to be sold as starting material held in inventory;
- Licensed producers must also include in their report the total amounts ready to be destroyed, but still held in inventory on the final day of the reporting period;
- Total amount of cannabis imported during the reporting period;
- Total amount of cannabis exported during the reporting period;
- Total amount of cannabis lost or stolen during the reporting period;
- With respect to fresh and dried marijuana, cannabis oil, cannabis seeds and marijuana plants, Licensed Producers must report the total amount:
 - that was destroyed during the reporting period; and
 - of waste (e.g., plants, leaves, twigs) destroyed during the reporting period;
- With respect to fresh and dried marijuana, cannabis oil, cannabis seeds and marijuana plants, Licensed Producers must report the total amount returned from clients during the reporting period;
- Licensed Producers must report the total number of shipments sent to the following during the reporting period:
 - registered clients;
 - registered clients for interim supply;
 - other Licensed Producers; and
 - licensed dealers;
- Licensed Producers must report the total number of shipments sent to the following in each province and territory:
 - registered clients;
 - registered clients for interim supply;
 - other Licensed Producers; and
 - licensed dealers;
- Average daily amount of marijuana for medical purposes authorized;
- Median daily amount of marijuana for medical purposes authorized;
- Average shipment size sent to registered clients during the reporting period;
- Median shipment size sent to registered clients during the reporting period;
- List of ten highest unique daily authorized amounts and the frequency with which they occur;
- List of daily authorized amounts in specified increments;

- o 0 to 1 grams;
- o 1.1 to 2 grams;
- o 2.1 to 3 grams;
- o 3.1 to 4 grams;
- o 4.1 to 5 grams;
- o 5 to 10 grams;
- o 10 to 15 grams; and
- o >15 grams,
- Total number of shipments to registered clients per each 10 gram interval between 0 and 150 grams;
- List of all health care practitioners who have completed medical documents for cannabis for medical purposes for registered clients and their location;
- List of all nurse practitioners who have completed medical documents for cannabis for medical purposes for registered clients and their location;
- Cannabis with which they are conducting R&D activities; and
- Activities with respect to cannabis products, other than marijuana or cannabis oil (e.g. cannabis resin).

Recent Regulatory Developments

On December 13, 2016, the Task Force on Cannabis Legalization and Regulation (the "**Task Force**"), which was established by the Canadian Federal Government to seek input on the design of a new system to legalize, regulate and restrict access to cannabis, published its report outlining its recommendations. On April 13, 2017, the Canadian Federal Government released Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts* ("**Bill C-45**"), which proposes the enactment of the *Cannabis Act* (Canada) to regulate the production, distribution and sale of cannabis for unqualified adult use. On November 27, 2017, the House of Commons passed Bill C-45, and on December 20, 2017, the Prime Minister communicated that the Canadian Federal Government intends to legalize cannabis in the summer of 2018, despite previous reports of a July 1, 2018 deadline. The impact of such regulatory changes on the Corporation's business is unknown, and the proposed regulatory changes may not be implemented at all. See "*Risk Factors - Changes in Laws, Regulations and Guidelines*".

On September 8, 2017, the Ontario government announced its proposed retail and distribution model of legalized recreational cannabis to be modelled on the current Liquor Control Board of Ontario ("**LCBO**") framework. On December 12, 2017, the Ontario government passed the *Cannabis Act, 2017* (Ontario), which will regulate the lawful use, sale and distribution of recreational cannabis by the federal government's summer 2018 legalization deadline. The *Cannabis Act, 2017* (Ontario) is expected, among other matters, to:

- create a new provincial retailer, overseen by the LCBO, to manage the distribution of recreational cannabis through stand-alone stores and an LCBO-controlled online order and distribution service, which together, will comprise the only channels through which consumers will be able to legally purchase recreational cannabis in Ontario;
- set a minimum age of 19 to use, buy, possess and cultivate cannabis in Ontario; and
- ban the use of cannabis in public places, workplaces and motor vehicles in Ontario, as is the case with alcohol.

Other details of Ontario's approach will be set out in regulations to the *Cannabis Act, 2017* (Ontario) to be developed for public comment.

Only Ontario, British Columbia, Alberta, Québec, and New Brunswick have introduced cannabis regulations; however, every province and territory, other than Nunavut, has made an announcement regarding plans for regulating recreational cannabis.

On November 21, 2017, Health Canada released a consultation paper entitled "Proposed Approach to the Regulation of Cannabis" (the "**Proposed Regulations**"). Recognizing the federal government's commitment to bringing the *Cannabis Act* (Canada) into force no later than the summer of 2018, the Proposed Regulations, among other things, seek to solicit public input and views on the appropriate regulatory approach to a recreational cannabis market by building upon established regulatory requirements that are currently in place for medical cannabis.

Interested stakeholders were invited to share their views on the Proposed Regulations until January 20, 2018. Health Canada is now expected to publish a summary of the comments received as well as a detailed outline of any changes to the regulatory proposal.

The Proposed Regulations are divided into the following seven major categories:

1. Licenses, Permits and Authorizations;
2. Security Clearances;
3. Cannabis Tracking System;
4. Cannabis Products;
5. Packaging and Labelling;
6. Cannabis for Medical Purposes; and
7. Health Products and Cosmetics Containing Cannabis.

Licenses, Permits and Authorizations

The Proposed Regulations would establish different types of authorizations based on the activity being undertaken and, in some cases, the scale of the activity. Rules and requirements for different categories of authorized activities are intended to be proportional to the public health and safety risks posed by each category of activity. The types of proposed authorizations include: (i) cultivation; (ii) processing; (iii) sale to the public for medical purposes and non-medical purposes in provinces and territories that have not enacted a retail framework; (iv) analytical testing; (v) import/export; and (vi) research.

Cultivation licenses would allow for both large-scale and small-scale (i.e. micro) growing of cannabis, subject to a stipulated threshold. Industrial hemp and nursery licenses would also be issued as a subset of cultivation licenses. Health Canada is considering a number of options for establishing and defining a "micro-cultivator" threshold, such as plant count, size of growing area, total production, or gross revenue. Part of the stated purpose of the Proposed Regulations is to solicit feedback from interested stakeholders regarding the most appropriate basis for determining what such threshold should be.

The Proposed Regulations provide that all licenses issued under the *Cannabis Act* (Canada) would be valid for a period of no more than five years and that no licensed activity could be conducted in a dwelling-house. The Proposed Regulations would also permit both outdoor and indoor cultivation of cannabis. The implications of the proposal to allow outdoor cultivation are not yet known, but such a development could be significant as it may reduce start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing.

Security Clearances

It is proposed that select personnel (including individuals occupying a "key position", directors, officers, large shareholders and individuals identified by the Minister of Health) associated with certain licences issued under the *Cannabis Act* (Canada) would be obliged to hold a valid security clearance issued by the Minister of Health. The Proposed Regulations would enable the Minister of Health to refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. This is the approach in place today under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes.

Health Canada acknowledges in the Proposed Regulations that there are individuals who may have histories of non-violent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) who may seek to obtain a security clearance so they can participate in the legal cannabis industry. Under the new set of rules, the Minister of Health would be authorized to grant security clearances to any individual on a case-by-case basis. Part of the purpose of the Proposed Regulations is to solicit feedback from interested parties on the degree to which such individuals should be permitted to participate in the legal cannabis industry.

Cannabis Tracking System

As currently proposed under the *Cannabis Act* (Canada), the Minister of Health would be authorized to establish and maintain a national cannabis tracking system. The purpose of this system would be to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The Proposed Regulations would provide the Minister of Health with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister.

Cannabis Products

The Proposed Regulations would permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds. It is proposed that the sale of edible cannabis products and concentrates (such as hashish, wax and vaping products) would only be permitted within one year following the coming into force of the *Cannabis Act* (Canada).

The Proposed Regulations acknowledge that a range of product forms should be enabled to help the legal industry displace the illegal market. Additional product forms that are mentioned under the Proposed Regulations include three "pre-rolled" cannabis and vaporization cartridges manufactured with dried cannabis. Specific details related to these new products are to be set out in a subsequent regulatory proposal.

Packaging and Labeling

The Proposed Regulations would set out requirements pertaining to the packaging and labelling of cannabis products. Such requirements would promote informed consumer choice and allow for the safe handling and transportation of cannabis. Consistent with the requirements under the ACMPR, the Proposed Regulations would require all cannabis products to be packaged in a manner that is tamper-evident and child-resistant.

While minor allowances for branding would be permitted, Health Canada is proposing strict limits on the use of colours, graphics, and other special characteristics of packaging, and products would be required to be labelled with specific information about the product, contain mandatory health warnings similar to tobacco products, and be marked with a clearly recognizable standardized cannabis symbol.

Cannabis for Medical Purposes

The proposed medical access regulatory framework would remain substantively the same as currently exists under the ACMPR, with proposed adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system.

Health Products and Cosmetics Containing Cannabis

Health Canada is proposing a scientific, evidenced-based approach for the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices. Under the Proposed Regulations, the use of cannabis-derived ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, which is currently prohibited, is proposed to be permitted and subject to provisions of the *Cannabis Act* (Canada).

Activities Outside of Canada

The Corporation only conducts business in jurisdictions outside of Canada where such operations are legally permissible in accordance with the laws of the jurisdiction and Canadian regulatory obligations. The Corporation has planned activities in Germany and, if the acquisition of Haxxon is completed, may have activities in Switzerland. The Haxxon Transaction is at an early stage and there is no assurance it will be completed. The following table outlines, in a summary form, the regulatory status of cannabis in those jurisdictions, as well as the activities of the Corporation or its local affiliate or future affiliate conducts:

Country	Regulatory Status and Framework	Corporate Activities
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Country	Regulatory Status and Framework	Corporate Activities
Germany	Federally legal for medicinal use. • Cannabis containing less than 0.2% THC can be cultivated by registered growers upon approval by the Ministry of Agriculture. • Cannabis containing greater than 0.2% THC can only be cultivated and distributed with the approval of the Ministry of Health. • As of March 2017, the German government enacted the new “cannabis as medicine” law, allowing the medical use of the cannabis plant, Cannabis sativa. • The prescription, distribution and import of medical cannabis is overseen by an authority within the Ministry of Health, the Federal Institute for Drugs and Medical Devices (the “BfArM”). • BfArM issues import permits for the import of medical cannabis for distribution through pharmacies. • With the legalization of cannabis, the BfArM established a cannabis agency to organize and control the cultivation of cannabis for medical use. As a result, BfArM, is carrying out a tender process to identify suppliers to cultivate medical cannabis within Germany.	Maricann GmbH has submitted materials to the BfArM to become a licensed producer and wholesaler of cannabis as part of the current tender process taking place in Germany.
Switzerland	Federally legal for medicinal and scientific use. • Cannabis containing less than 1.0% THC is not subject to the federal Swiss Narcotics Act and is considered to be legal. No license is required under the Swiss Narcotics Act to cultivate or sell products containing cannabis with less than 1% THC, however, such products are subject to general regulations and the Federal Office of Public Health [FOPH], the Federal Food Safety and Veterinary Office [FSVO] and Swissmedic, the Swiss Agency for Therapeutic Products) are responsible for control, depending on the products’ classification. For smoked tobacco substitutes, which are the products sold by Haxxon, they are subject to the Tobacco Products Ordinance, and must satisfy applicable requirements to smoked tobacco products they replace, including health and safety, reporting requirements to the FOPH, packaging information requirements, business and tax registration. • Cannabis containing greater than 1.0% THC is generally prohibited from being cultivated and distributed, subject to obtaining an exceptional license. • The Federal Office of Public Health grants such exceptional licenses pursuant to the following activities: (i) the development of medicinal products; (ii) for restricted medical use (on prescription from a medical doctor); or (iii) scientific research purposes. • An exceptional license for cultivation, import, production, or distribution of cannabis may be granted by the Federal Office of Public Health if such cannabis is an active ingredient in a medicinal product authorized by the Swiss Agency for Therapeutic Products. • Without such exceptional license, any commercial activities in connection with cannabis or other products containing greater than 1% THC is prohibited in Switzerland.	The Corporation has entered into a non-binding term sheet in respect of the Haxxon Transaction, which, if completed, will allow the Corporation to produce Low THC Strains in Switzerland.

CONSOLIDATED CAPITALIZATION

As at September 30, 2017, the Corporation had 73,461,441 Common Shares, 11,269,000 common share purchase warrants and 2,777,123 options outstanding. Other than as described below, there have been no material changes in the consolidated share and loan capital of the Corporation since September 30, 2017, the date of the Corporation’s most recent unaudited condensed interim consolidated financial statements:

- On October 27, 2017, the Corporation issued 18.3 million Common Shares at a deemed value of \$2.10 per Common Share (subject to certain adjustments) to the shareholders of NanoLeaf as consideration for

acquiring the outstanding NanoLeaf shares under the Acquisition. See “*Summary Description of the Business – Recent Developments*”.

- On October 27, 2017, the Corporation issued 31,000 Convertible Debenture Units in the October 2017 Financing. As consideration for their services in connection with the October 2017 Financing, the agents received 597,493 compensation warrants with the same terms as the Unit Warrants. See “*Summary Description of the Business – Recent Developments*.”
- On December 18, 2017, the Corporation announced that, in accordance with the terms of a warrant indenture dated December 15, 2016, the expiry date of 11,250,000 common share purchase warrants issued pursuant to the warrant indenture would be accelerated to January 17, 2018 (the “**Warrants Acceleration**”). Since September 30, 2017, 10,819,000 Common Shares have been issued at a price of \$1.25 per Common Share upon exercise of such common share purchase warrants. All common share purchase warrants issued pursuant to the warrant indenture were exercised prior to January 17, 2018.
- On January 9, 2018, the Corporation issued 20,125,000 Special Warrants pursuant to the Offering. As consideration for their services in connection with the Offering, the Agents received 970,950 Compensation Warrants.
- See also “*Prior Sales*”.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Special Warrants, after deducting the aggregate Agents’ Commission and the expenses of the Offering and the qualification for distribution of the Units estimated to be \$350,000, are \$37,958,100. The Corporation will not receive any additional proceeds from the deemed exercise of the Special Warrants. At closing of the Offering, the Corporation received \$38,188,180 of the proceeds of the Offering after deducting the Agents’ Commission and the Agents expenses. As at the date hereof, the current cash balance of the Corporation is approximately \$48.2 million and the Corporation has no cash equivalents.

The net proceeds from the Offering will be used primarily to fund the expansion of the Corporation’s Site 138 facility in Langton, Ontario (the “**Expansion**”) as follows:

<u>Use of Proceeds</u>	<u>Allocated Funds(\$)</u>
Expansion:	
630,000 square feet grow facility shell	\$12,000,000
90,000 square feet production facility shell	1,500,000
Concrete foundations	7,200,000
Operational and automation equipment	6,300,000
Enterprise Resource Planning (ERP) systems	1,000,000
Central utilities plant	2,000,000
 Brand development and corporate marketing initiatives for medical and recreational markets:	 \$4,750,000
 Working capital and general corporate purposes:	 \$3,208,100
 Total:	 \$37,958,100

All of the net proceeds of the Offering to be used in connection with the Expansion will be spent at Site 138.

The Corporation currently has negative operating cash flow and it is expected that a portion of the net proceeds from the Offering may be used to fund such negative operating cash flow. See “*Risk Factors*”. Pending the use of the

proceeds described above, the Corporation may invest all or a portion of the proceeds of the Offering in short-term, high quality, interest bearing corporate, government-issued or government-guaranteed securities.

Although the Corporation intends to use net proceeds of the Offering as stated above, there may be circumstances where, for business and operations reasons, a reallocation of funds may be necessary, as may be determined at the discretion of management of the Corporation. See “*Risk Factors*”.

Business Objectives

The Expansion is in addition to the Corporation’s current 42,000 sq. ft existing operations and its fully funded Phase 1 217,000 sq.ft production facility expansion, including a natural gas co-generation facility to produce 2.9 MW of electricity, 3,406,000 litre water cistern, boilers for ambient and water heating, and CO2 scrubbing equipment to provide additional CO2 for plants. Management expected the Phase 1 expansion to be complete in the second quarter of 2018. Standard mechanical and final electrical permits will be required. The Corporation has submitted a new (separate) licence application under the ACMPR for Site 138.

The Expansion represents the second and third phases of the Corporation’s expansion plans. The utilities plant is targeted for completion in the second quarter of 2018 and ERP systems in the third quarter. Standard Ontario Energy Board and high voltage Hydro One permits will be required to complete the utilities plant.

Completion of the grow facility shell (Phase 2) and production facility shell (Phase 3) (including concrete foundations), along with the installation of operational equipment, are targeted for the fourth quarter of 2018. Construction permits will be required and new expansion areas will need to be approved by Health Canada to be added to the Corporation’s license through the license amendment application process.

Upon completion of the Expansion in full, the Corporation targets an annual production capacity in excess of 95,000 kg/year from 942,000 sq.ft. of combined operations. With the Canadian and global cannabis markets rapidly expanding, the Corporation’s goal is to bring cultivation expertise and required scale, through the Expansion, to match demand, provided through relationships with some of Canada’s largest pharmacy groups, and international pharmacy distributors.

In support of its objective, the Corporation also plans to spend a portion of the net proceeds of the Offering on brand development and marketing initiatives for the medical cannabis market and the Canadian recreational cannabis market, if and when legalized. See “*Recent Regulatory Developments*”.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Authorized Share Capital

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series, which may contain the rights, privileges and restrictions as determined by the Board. As at March 2, 2018, there were a total of 107,077,152 Common Shares issued and no preferred shares issued and outstanding.

Special Warrants

The Special Warrants were issued pursuant to and are governed by the Special Warrant Indenture. The following summary of certain provisions of the Special Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Special Warrant Indenture, a copy of which is available at www.sedar.com or which may be obtained on request without charge from the Corporation at 845 Harrington Court, Unit 3, Burlington, Ontario.

As a Receipt for the final prospectus was not obtained on or before the Qualification Deadline, pursuant to the Special Warrant Indenture and the Penalty Provision, each Special Warrant will automatically be exercised into 1.05 Units (in lieu of 1.0 Unit) on behalf of, and without any further action or payment required on the part of, the holder thereof at 5:00 (Toronto time) on the Deemed Exercise Date (the “**Deemed Exercise Time**”), being the earlier of: (i) the Qualification Date, being the third business day after the date a Receipt is issued for a final prospectus qualifying the distribution of the Unit Shares and the Warrants issuable upon exercise of the Special Warrants by the securities regulatory authorities in each of the Qualifying Jurisdictions; or (ii) May 10, 2018. The Corporation has agreed with

the Agents to continue to use its commercially reasonable best efforts to obtain the Receipt as soon as possible following the Qualification Deadline until such time as the Special Warrants are deemed to have been exercised.

The Special Warrant Indenture provides for adjustment in the number of Units issuable upon the deemed exercise of the Special Warrants upon the occurrence of certain events prior to the Deemed Exercise Time, including: (i) the subdivision, re-division or change of the outstanding Common Shares into a greater number of Common Shares; (ii) the reduction, combination or consolidation of the outstanding Common Shares into a lesser number of Common Shares; (iii) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend; (iv) the fixing of a record date for the distribution to all or substantially all of the holders of the outstanding Common Shares of rights, options or warrants under which such holders are entitled, for a period expiring not more than 45 days after such record date, to subscribe for or acquire Common Shares (or securities exchangeable for or convertible into Common Shares) at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price (as such term is defined in the Special Warrant Indenture) for the Common Shares on such record date; and (v) the fixing of a record date for the issuance or distribution to all or substantially all of the holders of the Common Shares of (a) securities of the Corporation including rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into or exchangeable into any such shares or property or assets and including evidence of its indebtedness; or (b) any property or other assets.

The Special Warrant Indenture also provides for adjustments in the number of Units issuable upon the deemed exercise of the Special Warrants prior to the Deemed Exercise Time, in the event of the following additional events: (i) a reclassification of the Common Shares, a change in the Common Shares into other shares or securities, or a capital reorganization of the Corporation other than as described in the foregoing, including for certainty a liquidation, dissolution or winding up of the Corporation, a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity; or (ii) a transfer, sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity.

Notwithstanding the foregoing, no adjustment shall be made in the acquisition rights attached to the Special Warrants if the issue of Common Shares is being made pursuant to or in connection with: (i) any stock option plan, share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation, which plan has been approved by the Board; or (ii) the exchange, retraction or redemption or satisfaction of existing securities and instruments issued at the Closing Date.

The Corporation has agreed that so long as any Special Warrants remain outstanding it will give not less than 14 calendar days' prior written notice in the manner provided for in the Special Warrant Indenture to the Special Warrant Agent, each holder of Special Warrants and to the Agents of any event which requires an adjustment pursuant to the Special Warrant Indenture. Such notice is to contain the particulars of such event in reasonable detail and, if determinable, the required adjustment. The Corporation has further agreed that it shall promptly, as soon as the adjustment calculations are reasonably determinable, file a certificate of the Corporation with the Special Warrant Agent, on which the Special Warrant Agent may act and rely, showing how such adjustment are to be computed and give notice to the holders of Special Warrants and the Agents of such adjustment computation.

No fractional Unit will be issuable upon the deemed exercise of any Special Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Special Warrants do not have any voting or pre-emptive rights or any other rights that a holder of Common Shares would have.

From time to time, the Corporation and the Special Warrant Agent may amend or supplement the Special Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Special Warrants. Any amendment or supplement to the Special Warrant Indenture that adversely affects the interests of the holders of the Special Warrants may only be made by "extraordinary resolution", which is defined in the Special Warrant Indenture as a resolution proposed to be passed as an extraordinary resolution at a meeting duly convened for that purpose and held in accordance with the provisions of the Special Warrant Indenture, and carried by not less than 66 2/3% of the votes cast on such resolution. A quorum for such meeting shall consist of two or more persons present in person and owning or representing by proxy not less than 25% of the aggregate number of the then outstanding Special Warrants.

Common Shares

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Corporation are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Warrants

The Warrants will be issued pursuant to the terms of the Warrant Indenture. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture, a copy of which is available at www.sedar.com or may be obtained on request without charge from the Corporation at 845 Harrington Court, Unit 3, Burlington, Ontario. A register of holders of Warrants will be maintained at the principal offices of the Warrant Agent in Toronto, Ontario.

Each whole Warrant will entitle the holder to purchase one Warrant Share at a price of \$2.35 per Warrant Share, subject to adjustment in certain circumstances, by no later than 5:00 p.m. (Toronto time) on January 9, 2021, after which time the Warrants will expire and become null and void.

The Warrant Indenture provides for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including: (i) the subdivision, re-division or change of the outstanding Common Shares into a greater number of Common Shares; (ii) the reduction, combination or consolidation of the outstanding Common Shares into a lesser number of Common Shares; (iii) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than upon exercise of Warrants); (iv) the fixing of a record date for the distribution to all or substantially all of the holders of the outstanding Common Shares of rights, options or warrants under which such holders are entitled, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price (as such term is defined in the Warrant Indenture), for the Common Shares on such record date; and (v) the fixing of a record date for the issuance or distribution to all or substantially all of the holders of the Common Shares of: (a) securities of any class, whether of the Corporation or any other trust (other than Common Shares), (b) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), (c) evidences of its indebtedness, or (iv) any property or other assets.

The Warrant Indenture also provides for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (i) reclassifications of the Common Shares or a capital reorganization other than as described above; (ii) consolidations, amalgamations, arrangements, or mergers of the Corporation with or into another entity; or (iii) the sale or conveyance of the property or assets of the Corporation as an entirety or substantially as an entirety to any other entity.

Notwithstanding the foregoing, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made pursuant to the Warrant Indenture or in connection with: (i) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation; or (ii) the satisfaction of existing instruments issued at the Closing Date.

The Corporation has agreed that, so long as any Warrant remains outstanding, it will give notice to the Warrant Agent and to the holders of Warrants of its intention to fix a record date that is prior to the expiry date of the Warrants for any matter for which an adjustment may be required pursuant to the Warrant Indenture. Such notice is to specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice is to be given, in each case, not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly,

after the adjustment is determinable, file with the Warrant Agent a computation of the adjustment and give notice to the holders of Warrants of such adjustment computation.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights that a holder of Common Shares would have.

From time to time, the Corporation and the Warrant Agent may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which is defined in the Warrant Indenture as a resolution proposed at a meeting of holders of Warrants duly convened for that purpose and held in accordance with the provisions of the Warrant Indenture at which there are present in person or by proxy holders of Warrants holding at least 10% of the aggregate number of all then outstanding Warrants and passed by the affirmative votes of holders of Warrants holding not less than 66 2/3% of the aggregate number of all then outstanding Warrants represented at the meeting and voted on the poll upon such resolution. A quorum for such meeting shall consist of holders of Warrants present in person or by proxy and holding at least 10% of the aggregate number of all the then outstanding Warrants.

PRIOR SALES

The following table sets out the details concerning the Common Shares, and securities convertible into Common Shares, issued by the Corporation during the 12-month period prior to the date of this Prospectus. See “*Prior Sales*” in the AIF for additional information with respect to issuances of securities of Maricann Inc.

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security
April 20, 2017	Common Shares ⁽¹⁾	71,266,984	N/A
April 20, 2017	Warrants ⁽¹⁾	11,250,000	\$1.25
April 20, 2017	Options ⁽¹⁾	4,819,036	Range \$0.0655 - \$1.25
April 20, 2017	Compensation Options ⁽²⁾	900,000	\$1.00
April 20, 2017	Compensation Options ⁽¹⁾	130,380	\$2.85
April 28, 2017	Common Shares ⁽³⁾	305,100	\$0.07
May 1, 2017	Common Shares ⁽⁴⁾	87,500	\$1.25
May 2, 2017	Common Shares ⁽⁴⁾	7,500	\$1.25
May 5, 2017	Common Shares ⁽⁴⁾	5,000	\$1.25
May 8, 2017	Common Shares ⁽⁴⁾	45,000	\$1.25
May 17, 2017	Common Shares ⁽⁴⁾	35,000	\$1.25
June 6, 2017	Common Shares ⁽⁴⁾	125,000	\$1.25
June 7, 2017	Common Shares ⁽⁴⁾	11,000	\$1.25
June 19, 2017	Common Shares ⁽³⁾	208,078	\$0.66
June 22, 2017	Common Shares ⁽⁴⁾	2,500	\$1.25
July 26, 2017	Common Shares ⁽⁴⁾	57,500	\$1.25
July 28, 2017	Common Shares ⁽⁴⁾	5,000	\$1.25

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security
August 22, 2017	Common Shares ⁽⁴⁾	12,500	\$1.25
August 23, 2017	Common Shares ⁽⁴⁾	37,500	\$1.25
October 6, 2017	Common Shares ⁽⁴⁾	200,000	\$1.25
October 13, 2017	Common Shares ⁽⁴⁾	125,000	\$1.25
October 27, 2017	Convertible Debentures ⁽⁵⁾	31,000	\$1,000
October 27, 2017	Warrants ⁽⁵⁾	9,703,000	\$2.30
October 27, 2017	Compensation Warrants ⁽⁵⁾	597,493	\$2.30
October 27, 2017	Common Shares ⁽⁶⁾	18,333,319	N/A
October 30, 2017	Common Shares ⁽³⁾	266,963	\$1.00
November 13, 2017	Common Shares ⁽⁴⁾	50,000	\$1.25
November 14, 2017	Common Shares ⁽³⁾	1,830,600	\$0.07
November 15, 2017	Common Shares ⁽⁴⁾	12,500	\$1.25
November 22, 2017	Common Shares ⁽⁴⁾	55,000	\$1.25
November 23, 2017	Common Shares ⁽⁴⁾	125,000	\$1.25
November 23, 2017	Common Shares ⁽⁷⁾	460,000	N/A
November 24, 2017	Common Shares ⁽⁴⁾	17,500	\$1.25
November 28, 2017	Common Shares ⁽⁴⁾	367,500	\$1.25
November 29, 2017	Common Shares ⁽⁴⁾	62,500	\$1.25
December 1, 2017	Common Shares ⁽⁴⁾	1,688,000	\$1.25
December 1, 2017	Common Shares ⁽⁸⁾	100,200	\$1.00
December 4, 2017	Common Shares ⁽⁴⁾	126,000	\$1.25
December 5, 2017	Common Shares ⁽⁴⁾	2,500	\$1.25
December 6, 2017	Common Shares ⁽⁴⁾	22,500	\$1.25
December 6, 2017	Common Shares ⁽⁸⁾	399,900	\$1.00
December 6, 2017	Common Shares ⁽⁹⁾	399,900	\$1.25
December 6, 2017	Options	150,000	\$2.18
December 7, 2017	Common Shares ⁽⁴⁾	50,000	\$1.25
December 7, 2017	Options	125,000	\$2.14
December 11, 2017	Common Shares ⁽⁴⁾	2,500	\$1.25
December 14, 2017	Common Shares ⁽⁴⁾	2,015,000	\$1.25

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security
December 15, 2017	Common Shares ⁽⁴⁾	6,500	\$1.25
December 15, 2017	Options	3,000,000	\$2.13
December 19, 2017	Common Shares ⁽⁴⁾	75,000	\$1.25
December 19, 2017	Options	626,626	\$2.05
December 20, 2017	Common Shares ⁽⁴⁾	47,500	\$1.25
December 21, 2017	Common Shares ⁽⁴⁾	2,149,500	\$1.25
December 21, 2017	Common Shares ⁽⁹⁾	100,200	\$1.25
December 27, 2017	Common Shares ⁽⁴⁾	727,500	\$1.25
December 28, 2017	Common Shares ⁽⁴⁾	538,500	\$1.25
December 28, 2017	Common Shares ⁽⁷⁾	334,000	N/A
December 29, 2017	Common Shares ⁽⁴⁾	917,500	\$1.25
January 2, 2018	Common Shares ⁽⁴⁾	35,000	\$1.25
January 2, 2018	Warrants ⁽¹⁰⁾	87,108	\$2.87
January 3, 2018	Common Shares ⁽⁷⁾	100,000	N/A
January 4, 2018	Common Shares ⁽⁴⁾	227,500	\$1.25
January 4, 2018	Common Shares ⁽¹¹⁾	16,589	\$2.30
January 5, 2018	Common Shares ⁽⁴⁾	67,500	\$1.25
January 8, 2018	Common Shares ⁽⁴⁾	10,000	\$1.25
January 8, 2018	Options	280,000	\$3.39
January 9, 2018	Common Shares ⁽⁴⁾	62,500	\$1.25
January 9, 2018	Special Warrants ⁽¹²⁾	20,250,000	\$2.00
January 9, 2018	Compensation Warrants ⁽¹²⁾	970,950	\$2.00
January 10, 2018	Common Shares ⁽⁴⁾	487,500	\$1.25
January 11, 2018	Common Shares ⁽⁴⁾	5,000	\$1.25
January 11, 2018	Common Shares ⁽⁴⁾	119,000	\$1.25
January 15, 2018	Common Shares ⁽⁴⁾	111,500	\$1.25
January 15, 2018	Options	116,385	\$3.10
January 16, 2018	Common Shares ⁽⁴⁾	62,500	\$1.25
January 17, 2018	Common Shares ⁽⁴⁾	247,500	\$1.25
January 22, 2018	Common Shares ⁽⁷⁾	333,000	N/A

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security
January 26, 2018	Common Shares ⁽³⁾	122,040	\$0.15

Notes:

- (1) Issued in connection with the RTO in exchange for Maricann Inc. securities.
- (2) Issued in connection with the RTO in exchange for Maricann Inc. securities and exercisable for one Common Share and one common share purchase warrant, each such common share purchase warrant being exercisable to acquire one Common Share at an exercise price of \$1.25 per Common Share.
- (3) Common Shares issued upon exercise of the Options issued on April 20, 2017.
- (4) Common Shares issued upon exercise of the common share purchase warrants issued on April 20, 2017.
- (5) Issued in connection with the October 2017 Financing.
- (6) Common Shares issued as consideration in the Acquisition.
- (7) Common Shares issued in connection with consultant services provided to the Corporation. An additional 333,000 Common Shares will be issued on January 18, 2019 (subject to certain conditions) as consideration for such consulting services provided to the Corporation.
- (8) Common Shares issued upon exercise of Compensation Options issued on April 20, 2017.
- (9) Common Shares issued upon exercise of the common share purchase warrants issued upon exercise of the Compensation Options issued on April 20, 2017.
- (10) Warrants issued upon the signing of an exclusivity agreement with RD in consideration of exclusive distribution rights for RD products, exercisable until January 2, 2020. \$250,000 in additional warrants calculated based on the then market price and exercisable at the then market price are issuable on each of the first and second anniversary of the exclusivity agreement with RD.
- (11) Common Shares issued in connection with the exercise of Unit Warrants issued on October 27, 2017.
- (12) Special Warrants and Compensation Warrants issued in connection with the Offering.

TRADING PRICE AND VOLUME

The Common Shares are currently listed on the CSE under the trading symbol “MARI”. The Common Shares are also posted for trading under the symbol “MRRCF” on the OTCQB and on the Frankfurt Stock Exchange under the symbol “75M”. The following table sets forth the reported intraday high and low prices and the trading volume for the Common Shares on the CSE on a monthly basis since commencement of trading on April 24, 2017 to the date of this Prospectus.

Month	High (\$) ⁽¹⁾	Low (\$) ⁽¹⁾	Volume ⁽²⁾
March 1 – 2, 2018	2.280	1.740	7,878,000
February 2018	3.500	1.700	50,417,135
January 2018	4.480	2.610	70,478,252
December 2017	2.770	1.950	31,156,933
November 2017	2.700	1.320	29,110,972
October 2017	1.730	1.180	10,725,094
September 2017	1.530	1.040	8,260,906
August 2017	1.750	1.160	5,181,015
July 2017	1.780	1.270	4,617,623
June 2017	1.820	1.410	6,821,364
May 2017	2.150	1.350	8,217,222
April 2017	2.650	1.820	10,307,261

Notes:

- (1) High and low daily trading prices in the month.
- (2) Total volume traded in the month.

PLAN OF DISTRIBUTION

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of 21,131,250 Unit Shares and 10,565,625 Warrants issuable upon the deemed exercise of 20,125,000 Special Warrants.

On the Closing Date and pursuant to the terms of the Agency Agreement, the Corporation completed the Offering of an aggregate of 20,125,000 Special Warrants at the Offering Price pursuant to prospectus exemptions under applicable securities legislation in the Qualifying Jurisdictions (and in jurisdictions outside of Canada in compliance with laws applicable therein). Pursuant to the Agency Agreement, the Agents agreed to offer for sale, on a “best efforts” private placement basis, 20,125,000 Special Warrants at the Offering Price. Pursuant to the Agency

Agreement, the Corporation paid the Agents' Commission of \$1,941,900 and provided reimbursement for certain expenses incurred in connection with the Offering by the Agents. In addition, the Agents were issued 970,950 Compensation Warrants in the aggregate, representing approximately 5.0% of the Special Warrants sold pursuant to the Offering (excluding 980,000 Special Warrants sold to the President's List Purchasers, for which the Agents received Compensation Warrants representing 1.5% of such Special Warrants). Each Compensation Warrant is non-transferable and exercisable into one CW Unit at a price of \$2.00 per CW Unit, until 5:00 p.m. (Toronto time) on January 9, 2020. Each CW Unit consists of one CW Share and one-half of one CW Warrant. Each CW Warrant is exercisable into one CW Warrant Share at a price of \$2.35 per CW Warrant Share, until 5:00 p.m. (Toronto time) on January 9, 2021. The Compensation Warrants and CW Units issuable upon exercise of the Compensation Warrants are not qualified by this Prospectus.

The Offering Price and other terms of the Offering were determined by negotiation between the Corporation and the Agents. Other than the Agents' Commission and Compensation Warrants, the Agents has not and will not receive any other fee or commission from the Corporation in connection with the completion of the Offering or the deemed exercise of the Special Warrants.

The Special Warrants were issued pursuant to the terms of the Special Warrant Indenture. Each Special Warrant entitles the holder thereof to receive 1.05 Units (in lieu of 1.0 Unit, pursuant to the Penalty Provision), subject to adjustment in certain circumstances as set forth in the Special Warrant Indenture, upon the deemed exercise of the Special Warrants on the Deemed Exercise Date without payment of any additional consideration or further action on the part of the holders thereof.

Pursuant to the Agency Agreement, the Corporation agreed to use its commercially reasonable efforts to prepare and file this Prospectus under the applicable securities laws in each of the Qualifying Jurisdictions, to satisfy all comments from the regulators in each of the Qualifying Jurisdictions and to obtain a Receipt for a final prospectus qualifying the distribution of the Unit Shares and Warrants in each of the Qualifying Jurisdictions by February 27, 2018. As a Receipt was not obtained on or before the Qualification Deadline, each Special Warrant entitles the holder thereof to receive 1.05 Units per Special Warrant (in lieu of 1.0 Unit) upon deemed exercise of the Special Warrants. This Prospectus also qualifies the distribution of, upon the deemed exercise of the Special Warrants, the Penalty Shares and Penalty Warrants. The Corporation has agreed with the Agents to continue to use its commercially reasonable best efforts to obtain the Receipt as soon as possible following the Qualification Deadline until such time as the Special Warrants are deemed to have been exercised.

The Special Warrants, the Unit Shares, the Warrants and the Warrant Shares have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and the Warrants may not be exercised by or on behalf of a U.S. Person or a person in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. Accordingly, the Unit Shares, the Warrants and the Warrant Shares will bear appropriate legends evidencing the restrictions on the offering, sale and transfer of such securities.

The Offering was conducted through the book-based system and the Special Warrants (other than those issued to one U.S. purchaser that received a definitive certificate) were issued in registered form to CDS and deposited with CDS on the Closing Date. The Unit Shares and Warrants issued upon deemed exercise of the Special Warrants will also be held by CDS and a purchaser of the Special Warrants (other than the U.S. purchaser that made a specific request in this regard and received a definitive certificate) will not receive definitive certificates representing the Unit Shares and Warrants.

Pursuant to the Agency Agreement, the Corporation has agreed, for a period of 120 days from the Closing Date, not, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Corporation, without the prior written consent of Eight Capital (such consent not to be unreasonably withheld or delayed), other than in conjunction with: (i) the grant of stock options and other similar issuances pursuant to the stock option plans and other employee incentive plans of the Corporation; (ii) issuances in connection with the exchange, transfer, conversion or exercise rights of existing outstanding options, warrants, convertible debentures and other securities or existing commitments to issue securities; (iii) the issuance of securities as consideration pursuant to an arm's length acquisition; and (iv) the issuance of securities to finance acquisitions as part of the Corporation's European expansion strategy, provided that such financings do not exceed

\$50 million in aggregate gross proceeds and that any Common Shares, or securities convertible, exercisable or exchangeable for Common Shares issued in such financings shall not be freely tradable in Canada prior to the Special Warrants having been exercised and the Unit Shares and Warrants issued upon such exercise being freely tradable.

Pursuant to the Agency Agreement, the Corporation has also agreed to indemnify the Agents, their respective affiliates and their respective directors, officers, employees and partners against certain liabilities, including liabilities under Canadian securities legislation or to contribute to payments the Agents may have to make because of such liabilities.

The outstanding Common Shares are currently listed on the CSE under the symbol “MARI”, on the OTCQB under the symbol “MRRCF”, and on the Frankfurt Stock Exchange under the symbol “75M”. On December 11, 2017, the last trading day before the announcement of the Offering, the closing price of the Common Shares on the CSE was \$2.13. The Corporation has made the required filings to the CSE to list the Unit Shares and Warrant Shares. Listing will be subject to the fulfilment of all the listing requirements of the CSE.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and DLA Piper (Canada) LLP, counsel to the Agents, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “**Tax Act**”) generally applicable to a beneficial owner of Special Warrants who acquires Units, consisting of Unit Shares and Warrants, pursuant to the deemed exercise of Special Warrants. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to persons who, for the purposes of the application of the Tax Act and at all relevant times: (i) deal at arm’s length and are not affiliated with the Corporation or the Agents; and (ii) hold the Special Warrants, and will hold any Common Shares and Warrants as capital property. Persons meeting such requirements are referred to as a “**Holder**” or “**Holders**” herein, and this summary only addresses such Holders. Special Warrants, Common Shares and Warrants will generally be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a “financial institution”, as defined in the Tax Act for the purpose of the mark-to-market rules; (ii) an interest in which would be a “tax shelter investment”, as defined in the Tax Act; (iii) that is a “specified financial institution”, as defined in the Tax Act; (iv) that has made an election under the Tax Act to determine its Canadian tax results in a foreign currency; (v) that enters into, with respect to their Special Warrants, Common Shares or Warrants, a “derivative forward agreement” (as defined in the Tax Act); or (vi) that is a corporation resident in Canada and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Special Warrants, Common Shares or Warrants, controlled by a non-resident corporation for purposes of foreign affiliate dumping rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to their own particular circumstances.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”), and counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”). No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada, which may differ significantly from the Canadian federal income tax considerations discussed herein.

The Proposed Amendments do not include, and this summary does not take into account, the consultation paper released on July 18, 2017 by the Minister of Finance (Canada) which proposes that the tax treatment of passive investment income earned through a private corporation be changed. On October 18, 2017 the Government of Canada announced its intention to move forward with a variation of these passive investment measures and is expected to introduce proposed amendments to the Tax Act in the 2018 federal budget. Holders should consult their own tax advisors concerning the possible impact of such proposals in their circumstances.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Acquisition of Unit Shares and Warrants Pursuant to Special Warrants

A Holder of a Special Warrant will not realize any gain or loss upon the acquisition of a Unit Share and one-half of one Warrant pursuant to the provisions of the Special Warrant Indenture. Holders will be required to allocate on a reasonable basis their cost of the Special Warrant between the Unit Share and one-half of one Warrant in order to determine their respective costs for purposes of the Tax Act.

The Holder's adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Exercise or Expiry of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition. The expiry of an unexercised Warrant will generally result in a capital loss to the Holder equal to the adjusted cost base of the Warrant to the Holder immediately before its expiry. See the discussion below under the heading "**Taxation of Capital Gains and Capital Losses**".

Holders Resident in Canada

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act (a "**Resident Holder**"). Persons who are residents of Canada for purposes of the Tax Act and whose Common Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Common Shares, and every other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and in all subsequent taxation years, be deemed to be capital property. Persons whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election. Such election is not available in respect of Special Warrants or Warrants.

Dispositions of Common Shares and Warrants

Upon a disposition or deemed disposition of a Common Share or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant), a capital gain (or loss) will generally be realized by a Resident Holder in the year of disposition to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share or the Warrant, as the case may be, to the Resident Holder immediately before the disposition. Any such capital gain (or capital loss) will be subject to the treatment described below under the heading "**Taxation of Capital Gains and Capital Losses**".

Taxation of Capital Gains and Capital Losses

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

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

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable for a refundable tax on “aggregate investment income” (as defined in the Tax Act), which includes amounts in respect of taxable capital gains.

Dividends

Dividends received or deemed to be received by a Resident Holder on the Common Shares will be included in computing the Resident Holder’s income for purposes of the Tax Act. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit provisions where the Corporation provides notice to the recipient designating the dividend as an “eligible dividend” for purposes of the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as “eligible dividends”.

Dividends received or deemed to be received on the Common Shares by a Resident Holder that is a corporation will generally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition of a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a “private corporation” (as defined in the Tax Act) or any other corporation controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing the Resident Holder’s taxable income. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Alternative Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to an alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the application of minimum tax.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). This summary does not apply to a Non-Resident Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act) and such Non-Resident Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Corporation to a Non-Resident Holder on the Common Shares will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Tax Convention (1980)*, as amended, and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions of Common Shares and Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant unless the Common Share or Warrant (as applicable) is, or is deemed to be, “taxable Canadian property” of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

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

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the headings “*Holders Resident in Canada — Dispositions of Common Shares and Warrants*” and “*— Taxable Capital Gains and Capital Losses*” will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and DLA Piper (Canada) LLP, counsel to the Agents, based on the current provisions of the Tax Act and the Regulations, each of the Unit Shares, Warrant Shares and Warrants, if issued on the date hereof, would be a “qualified investment” under the Tax Act for a trust governed by a “registered retirement savings plan”, a “registered retirement income fund”, a “registered disability savings plan”, a “registered education savings plan”, and a “tax-free savings account” (collectively, “**Registered Plans**”) and a “deferred profit sharing plan” (“**DPSP**”), all as defined in the Tax Act, provided that in the case of the Warrants, the Corporation is not a person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Registered Plan or DPSP and any person who does not deal at arm's length with that person.

Notwithstanding the foregoing, if a Unit Share, Warrant Share or Warrant is a “prohibited investment” for a Registered Plan for the purposes of the Tax Act, the annuitant or subscriber under, or the holder of, the Registered Plan (as applicable) (the “**Controlling Individual**”) may be subject to a penalty tax under the Tax Act. A Unit Share, Warrant Share or Warrant will not be a prohibited investment, provided that the applicable Controlling Individual: (i) deals at arm's length with the Corporation for the purposes of the Tax Act; and (ii) does not have a “significant interest” in the Corporation (within the meaning of the Tax Act). Generally, a Controlling Individual will not have a significant interest in the Corporation, provided that the Controlling Individual, together with the persons with whom the holder Controlling Individual does not deal at arm's length, does not own, and is not deemed to own pursuant to the Tax Act, directly or indirectly, 10% or more of the issued shares of any class in the capital of the Corporation or of any other corporation that is related to the Corporation for the purposes of the Tax Act. In addition, the Unit Shares and the Warrant Shares will not be a prohibited investment for a Registered Plan if such securities are “excluded property” for such Registered Plan for the purposes of the Tax Act, as applicable. **Persons who intend to hold Unit Shares, Warrant Shares or Warrants in a trust governed by a Registered Plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.**

RISK FACTORS

Investors should carefully consider the risks set out below and other information contained in or incorporated by reference in this short form prospectus, including those risks contained in the AIF under the heading “*Risk Factors*”. The operations of the Corporation are highly speculative and notably involve risks inherent to the cannabis industry and the markets in which the Corporation's business operates. The risks and uncertainties set out below relating to the Offering and the additional risks and uncertainties incorporated by reference herein are not the only ones facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the Corporation's operations. If any of the risks actually occur, the Corporation's business, operating results and financial condition could be materially adversely affected. As a result, the trading price of the Common Shares could decline and investors could lose part or all of their investment. The Corporation's business is subject to significant risks and past performance is no guarantee of future performance.

Certain Risks Related to the Offering

Use of Proceeds

The Corporation currently intends to allocate the net proceeds received from the Offering as described under “*Use of Proceeds*” in this Prospectus. However, management will have discretion in the actual application of the net proceeds and may elect to allocate proceeds differently from as described under “*Use of Proceeds*” if it is believed it would be in the best interests of the Corporation to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the Corporation’s business, operating results and financial condition.

Additional Financing

Depending on its ability to achieve its goals, the Corporation may need to raise further equity and/or debt financing to fund the deployment of its solutions on a global stage and the expansion of its client base. The success and the pricing of any such equity and/or debt financing will be dependent upon the prevailing market conditions at that time. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders’ interests in the Corporation. Any debt financing, if available, may involve financial covenants which limit the Corporation’s operations. If the Corporation requires additional capital and is unable to obtain it, there may be a possibility that it will not be able to complete the full deployment of its solutions and the full implementation of its business plan, which would have a materially adverse effect on its business, operating results and financial condition.

Market Price of Securities

There can be no assurance that an active market for the Common Shares or Warrants will be sustained after the Closing Date or the Qualification Date. Securities of small-cap and mid-cap companies have experienced substantial volatility in the recent past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in the Canadian dollar, and the Corporation’s financial condition or results of operations as reflected in its financial statements. Other factors unrelated to the performance of the Corporation that may have an effect on the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation’s securities; lessening in trading volume and general market interest in the Corporation’s securities may affect an investor’s ability to trade significant numbers of Common Shares; the size of the Corporation’s public float may limit the ability of some institutions to invest in the Corporation’s securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Corporation’s securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Corporation. Class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management’s attention and resources.

Dilution to Common Shares

The increase in the number of Common Shares and Warrants issued and outstanding as a result of the deemed exercise of Special Warrants, and the sale of the Common Shares and Warrants thereafter, may have a depressive effect on the price of the Common Shares. In addition, as a result of such additional Common Shares and Warrant Shares, the voting power of the Corporation’s existing shareholders will be diluted.

Negative Operating Cash Flow

The Corporation reported negative cash flow from operations for the year ended December 31, 2016 and for the nine month period ended September 30, 2017. It is anticipated that the Corporation will continue to report negative operating cash flow in future periods. It is expected that a portion of the net proceeds from the Offering will be used for working capital to fund negative operating cash flow. See “*Use of Proceeds*”.

Inability to Enforce Legal Rights

One director of the Corporation, Gerhard Müller, resides outside of Canada, in Germany. Although he has appointed Cassels Brock & Blackwell LLP as his agent for service of process in Canada, it may not be possible for investors to enforce judgments in Canada against him. The Corporation has subsidiaries organized under the laws of foreign jurisdictions. Given that the Corporation has and plans to own certain assets that are or will be located outside of Canada, investors may have difficulty in enforcing against foreign assets of the Corporation, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Corporation's foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Market for the Special Warrants and the Warrants

There is no market through which the Special Warrants or Warrants may be sold and purchasers may not be able to resell the Special Warrants or the Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants or the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity and the extent of issuer regulation. An investment in the Special Warrants, the Common Shares, the Warrants and the Warrant Shares should only be made by those persons who can afford the loss of their entire investment.

A positive return in an investment in the Common Shares or the Warrants is not guaranteed

There is no guarantee that an investment in the Common Shares or the Warrants will earn any positive return in the short term or long term. A purchase under the Offering involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Shareholders Rights

Holders of Warrants will not be entitled to any rights with respect to the Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Common Shares, other than as set out in the Warrant Indenture), but if a holder of Warrants subsequently exercises its Warrants into Common Shares, such holder will be subject to all changes affecting the Common Shares. Rights with respect to the Common Shares will arise only if and when the Corporation delivers Common Shares upon the exercise of a Warrant.

Certain Risks Related to the Business of the Corporation

Reliance on License and Renewals

The Corporation's ability to grow, store and sell medical marijuana in Canada is dependent on maintaining and obtaining the required licenses from Health Canada. The licenses are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licenses or any failure to maintain the licenses would have a material adverse impact on the business, financial condition and operating results of the Corporation. Although management believes it will meet the requirements of the ACMPR annually for extension of the licenses, there can be no guarantees that Health Canada will extend or renew the Corporation's licenses as necessary, of, if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the licenses or renew or extend the licenses on different terms, the business, financial condition and results of operation of the Corporation would be materially adversely affected. In addition, the Corporation has applied to Health Canada for a license to sell encapsulated cannabis oil. Although management believes it will meet the requirements for the grant of such license, there can be no assurances that Health Canada will grant such license, and that, if granted, it will continue to renew such license as necessary.

On January 19, 2017, the German parliament passed legislation that legalized medical cannabis and included provisions for medical cannabis treatment expenses to be covered by health insurance. Given the Corporation's effort in expansion into the German market, the growth of the business internationally is also dependent on receiving the license rights from the corresponding German government authorities. There is no guarantee that the Corporation will be successful in obtaining such approvals or maintaining such approvals if granted. If such

approvals are not obtained then the Corporation will not be able to execute on certain aspects of its business plan which may have a negative impact on the Corporation.

Changes in Laws, Regulations and Guidelines

The Corporation's operations are subject to various laws, regulations, guidelines and licensing requirements relating to the production, manufacture, sale, distribution, management, transportation, storage and disposal of medical marijuana, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment, both in Canada and abroad. While to the knowledge of management, the Corporation 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 Corporation could have a material adverse effect on the business, results of operations and financial condition of the Corporation. In particular, any amendment to or replacement of the ACMPR, including the enactment of the proposed *Cannabis Act* (Canada), may cause adverse effects to the Corporation's operations.

On April 13, 2017, the Canadian Federal Government put forward proposed legislation, the *Cannabis Act* (Canada), outlining the framework for the legalization of adult use cannabis, as well as laws to address drug-impaired driving, protect public health and safety and prevent youth access to cannabis. The provincial and municipal governments have been given explicit authority by the Federal Government to provide regulations regarding retail and distribution, as well as the ability to alter some of the existing baselines, such as increasing the minimum age for purchase and consumption. The Federal Government has said the *Cannabis Act* (Canada) is to come into effect no later than the summer of 2018. The ACMPR will continue to operate in tandem with the recreational regime, and will be re-evaluated within five years of the *Cannabis Act* (Canada) coming into force. Licensed Producers will be deemed to be licensed under the *Cannabis Act* (Canada) as well. While it is understood that Licensed Producers will continue to operate under the medical and recreational regimes, until the provinces release their regulations regarding retail and distribution it is still unclear what the landscape of the legalization regime will look like. Although the impact of such changes is uncertain and highly dependent on which specific laws or regulations are changed, the impact on the Corporation should be comparable to other companies in the same business as the Corporation.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Corporation's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Corporation's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing finished products, there can be no assurance

that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that product and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Litigation

The Corporation is or may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business and other activities which could adversely affect its business. For example, the Corporation recently received an amended statement of claim from a financial advisory firm which alleges that the Corporation has breached a right of first refusal under an advisory agreement entered into between the Corporation and the claimant as a result of entering into the Offering and the Bought Deal Offering. The claimant claims damages in excess of \$3,000,000 and ownership to certain compensation warrants. The Corporation filed a statement of defence dated February 8, 2018 and intends to vigorously defend the claim.

Should any litigation in which the Corporation becomes involved be determined against the Corporation such a decision could adversely affect the Corporation's ability to continue operating and the market price for the Common Shares and could use significant resources. While the Corporation has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Corporation's business, operating results or financial condition. Even if the Corporation is involved in litigation and wins, litigation can redirect significant Corporation resources. Litigation may also create a negative perception of the Corporation's brand.

Competition

The introduction of a recreational model for cannabis production and distribution may impact the medical marijuana market. The impact of this potential development may be negative for the Corporation, and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Corporation operates. In particular, the number of licensed producers is set to increase to meet the demand of the recreational market, which could negatively impact the Corporation's market share and demand for products.

There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

The Corporation also faces competition from illegal marijuana dispensaries that are selling marijuana to individuals despite not having a valid license under the ACMPR.

Reliance on One Facility

The Corporation's activities and resources have been primarily focused on its main facility in Langton, Ontario and this is expected to continue for the foreseeable future. Adverse changes or developments affecting the facility, including, but not limited to, municipal laws regarding rezoning, facility design errors, environmental pollution, equipment or process failures, production errors, major incidents/catastrophic events (for example, fires, earthquakes and storms), could have a material adverse effect on the Corporation's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Corporation's ability to continue operating under its licenses or the prospect of renewing its licenses.

Reliance on Site 150 Lease

The Corporation's activities and resources have been primarily focused on its main facility at Site 150 in Langton, Ontario, which Maricann Inc. occupies pursuant to the Site 150 Lease. This is expected to continue until Site 138 is

fully permitted and the Expansion completed. Adverse changes or developments affecting the Site 150 Lease, including, but not limited to, breaches to or termination of the Site 150 Lease by Maricann Inc. or the Site 150 Landlord, could have a material adverse effect on the Corporation's business, financial condition and prospects.

Intellectual Property

In October 2017, the Corporation acquired NanoLeaf, a biotech company with certain licensing rights to patented nano-technology for ingestible medicine delivery called VESIsorb®. VESIsorb® is a technology in the delivery of lipophilic (fat soluble) drugs, used by leading global pharma majors in non-cannabinoid applications. Cannabinoids, are lipophilic drugs and require a unique delivery system to be absorbed in the aqueous environment of the stomach and intestines to create predictable concentrations within the blood stream. The cannabis market has grown rapidly, with the largest growth segment being edibles, functional beverages, and capsules, all of which are ingested, and require a unique delivery system to avoid hepatic first pass in the liver. NanoLeaf has licensed certain exclusive rights to the VESIsorb® technology which is patented in several jurisdictions. The term of the agreement is 20 years, extendable for a further 10 years. It should be noted that 20 years likely extends beyond the lifespan of most or all of the licensed patents. The Corporation has engaged with pharmacy companies to distribute its products in primary and exclusive relationships. The Corporation intends to work with Vesifact AG ("**Vesifact**"), the producer of VESIsorb®, to apply the VESIsorb® technology to the Corporation's products.

The Corporation has been working to determine whether the VESIsorb® technology licensed from Vesifact, the producer of VESIsorb®, is compatible with both THC and non-THC cannabinoid products. While sufficient testing has not been conducted to confirm VESIsorb's compatibility (the "**Testing**"), Vesifact has indicated that it will, at the Corporation's expense, take the steps necessary to complete the Testing. There can be no assurances that the Testing will be completed or be successful or that the Corporation will be able to commercialize the use of VESIsorb® with its products.

As a sub-licensee of the VESIsorb® technology and other Vesifact patents, there can be no assurance that the Corporation, through NanoLeaf, will continue to have the benefit of the sub-license, as the underlying patents could expire, fail to be maintained or be held invalid, or the chain of license rights could be broken by, for example, termination of an upstream license or the bankruptcy of a licensor. Also, as the VESIsorb® technology and other inventions are not patented in all jurisdictions (including Canada), there is no guarantee that others will not seek to exploit such inventions in jurisdictions where no patents have been obtained. In addition, as some of the patents underlying the sub-license acquired in the Acquisition are co-owned by Vesifact and another party, to the extent that HempChoice received, indirectly, from Vesifact and HempChoice granted to NanoLeaf exclusive rights in such patents, there is no guarantee that the other co-owner of some of the patents could not itself exploit or license others to use such patented inventions.

Reliance on Key Personnel

The Corporation's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a negative impact on the Corporation's business, financial condition, results of operations and prospects. The contributions of the existing management team to the immediate and near term operations of the Corporation are likely to be of importance to the Corporation. As discussed under "*Other Information*", the OSC (as defined herein) has advised that Ben Ward is the subject of an investigation into his activities while he was CEO of Canadian Cannabis Corp., a company wholly unrelated to the Corporation. In addition, as discussed under "*Other Information*" the OSC is also reviewing certain trades made by two former directors (or associates or affiliates thereof) and by an associate or affiliate or other persons otherwise directly or indirectly related to a current director of the Corporation. The outcome of each of the investigation and the reviews is not known and there is no assurance that it will not have negative impacts on any of these individuals' roles as an officer and/or directors of the Corporation, on the Corporation and/or on the public perception of the Corporation. Public companies in the cannabis sector are highly regulated and any negative outcome in respect of the foregoing investigation and/or review may require changes to the composition of management and/or the board of directors of the Corporation and/or its subsidiaries. In addition, the competition for qualified personnel in the industry is extremely competitive and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

INTEREST OF EXPERTS

The auditors of Danbel, HS & Partners LLP, Chartered Professional Accountants, have audited the annual financial statements of Danbel for the year ending December 31, 2016. Prior thereto, Ernst & Young LLP were the auditors of Danbel and audited Danbel's annual financial statements for the year ended December 31, 2015. HS & Partners LLP, Chartered Professional Accountants is independent within the meaning of the Chartered Professional Accountants Handbook of Ontario. As of the date this Prospectus, HS & Partners LLP, Chartered Professional Accountants did not own or have any registered or beneficial interests, direct or indirect, in any securities or the property of the Corporation.

The auditors of NanoLeaf, MNP LLP, Chartered Professional Accountants, have audited the financial statements of NanoLeaf for the period ended September 30, 2017 incorporated by reference herein. MNP LLP is independent within the meaning of the Chartered Professional Accountants Handbook of Ontario. As of the date this Prospectus, MNP LLP, Chartered Professional Accountants did not own or have any registered or beneficial interests, direct or indirect, in any securities or the property of the Corporation.

The auditors of the RTO Acquirer, Ernst & Young LLP, Chartered Accountants audited the financial statements of the RTO Acquirer for the years ending December 31, 2016, 2015 and 2014 and are independent within the meaning of the Chartered Professional Accountants Handbook of Ontario. As of the date this Prospectus, Ernst & Young LLP, Chartered Accountants are also the current auditors of the Corporation and have confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. As of the date of this Prospectus, Ernst & Young LLP, Chartered Accountants did not own or have any registered or beneficial interests, direct or indirect, in any securities or the property of the Corporation.

Certain legal matters relating to this Offering and Canadian legal matters will be passed upon on behalf of the Corporation by Cassels Brock & Blackwell LLP. DLA Piper (Canada) LLP is the Agents' counsel with respect to the "*Canadian Federal Income Tax Considerations*" and "*Eligibility for Investment*" sections herein. As at the date of this Prospectus, the partners and associates of Cassels Brock & Blackwell, LLP and DLA Piper (Canada) LLP own, each as a group, directly or indirectly, less than one percent of the outstanding securities of the Corporation or of any associate or affiliate of the Corporation.

OTHER INFORMATION

The information with respect to executive compensation for the year ended December 31, 2016 included in the documents incorporated by reference herein relates to compensation paid to executives of Danbel and precedes the RTO. It is therefore not reflective of executive compensation that might be paid to executives of the Corporation for subsequent years, which will be reflective of its business and consistent with industry standards.

By letter dated February 8, 2018, Staff of the Ontario Securities Commission (the "**OSC**") advised that Ben Ward is the subject of an investigation into his activities while he was CEO of Canadian Cannabis Corp., a company wholly unrelated to the Corporation. Prior to this, the Corporation was unaware of the matter. The Corporation is unaware of any facts that could reasonably lead it to conclude that this investigation has had, or will have, any impact on the ability of Mr. Ward to properly and effectively carry out his duties as CEO or director of the Corporation. Staff of the OSC have advised the Corporation that they are unable to provide it with any further information at this time. Mr. Ward has advised the Corporation that he is subject to the same restrictions. The Corporation is advised by Mr. Ward that he is fully cooperating with the investigation and that he believes that he has acted at all times in a manner that is compliant with applicable securities law.

The OSC has also advised that the Enforcement Branch of the OSC is conducting a review of the timing and reporting of certain trades in securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by Raymond Stone, Neil Tabatznik and Eric Silver or their respective associates and affiliates or by other persons otherwise directly or indirectly related to them, as the case may be, that were effected prior to the announcement of the Bought Deal Offering. On February 27, 2018, Mr. Tabatznik resigned as a director and the Chairman of the Board and Raymond Stone resigned as a director of the Corporation. In connection with the OSC's review, Mr. Silver has been requested to undertake to deliver a written resignation in respect of his position as a director of the Corporation promptly following commencement by the OSC of any enforcement proceedings against Mr. Silver alleging any breach of the *Securities Act* (Ontario) in respect of the applicable trades described above in the event any such proceedings are commenced and he remains a director at that time. Mr. Silver has also been requested to undertake that, in the event of his resignation, he will not seek re-election or consent to his

nomination for election to the Board at the next meeting of shareholders at which directors are to be elected without the prior written consent of the OSC and the Corporation. The Corporation also intends to provide an undertaking to the OSC that, in the event of any such enforcement proceedings being commenced against Mr. Silver, the Corporation will not re-nominate Mr. Silver for re-election at the next meeting of shareholders at which directors are to be elected without the prior written consent of the OSC. The provision of such undertakings by Mr. Silver and the Corporation does not and shall not be deemed to constitute an admission of any breach of applicable laws by Mr. Silver, his affiliates or associates or by any other persons otherwise directly or indirectly, or by the Corporation. The Corporation is advised by Mr. Silver that he is fully cooperating with the OSC and he believes that he has acted at all times in a manner that is compliant with applicable securities law.

The Board has established a special committee of independent directors that has full authority to review the foregoing trades and the OSC investigation involving Mr. Ward and any related matters, and to make recommendations to the Board on appropriate steps to be taken in response. The special committee retained Osler, Hoskin & Harcourt LLP to act as its independent legal counsel in connection with these matters.

REGULATORY RELIEF

The OSC Staff has notified the Corporation that it is currently of the view that Mr. Eric Silver, a director of the Corporation, is a promoter of the Corporation within the meaning of applicable securities laws. Pursuant to section 58(5) of the *Securities Act* (Ontario) and Part 8 of National Instrument 44-101 – *Short Form Prospectus Distributions*, the Director has consented to Mr. Silver not signing a Certificate of Promoter for this short form prospectus in accordance with the requirement under section 58(6) of the *Securities Act* (Ontario). Neither Mr. Silver nor any of his affiliates will receive, directly or indirectly, any proceeds of the Offering. The Corporation has been advised by the OSC that the issuance of a receipt by or on behalf of the applicable Canadian Securities Administrators by the OSC for this short form prospectus will evidence the granting of this consent. Neither the Corporation nor Mr. Silver admit that Mr. Silver is a promoter of the Corporation.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

CONTRACTUAL RIGHT OF RESCISSION

Pursuant to the terms of the Agency Agreement and the subscription agreements between the Corporation and the purchasers of Special Warrants, the Corporation has granted each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that in the event that a holder of a Special Warrant who acquires Unit Shares or Warrants upon the deemed exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under applicable securities legislation to the remedy of rescission because this Prospectus or an amendment to this Prospectus contains a misrepresentation,

- (a) the holder is entitled to rescission of both the holder's exercise deemed exercise of its Special Warrants and the private placement transaction under which the Special Warrants were initially acquired;

- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Corporation or the Agents, as the case may be, on the acquisition of the Special Warrants; and
- (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

The contractual rights of action described above are in addition to and without derogation from any other right or remedy that a purchaser of Special Warrants may have at law.

CERTIFICATE OF THE CORPORATION

Dated: March 5, 2018

This amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of each of the provinces of Ontario, British Columbia, Alberta, Saskatchewan and New Brunswick.

“Ben Ward”
Ben Ward
Chief Executive Officer and Director

“Scott Langille”
Scott Langille
Chief Financial Officer

On behalf of the Board of Directors

“Paul Pathak”
Paul Pathak
Director

“Michael Stein”
Michael Stein
Director

CERTIFICATE OF THE AGENTS

Dated: March 5, 2018

To the best of our knowledge, information and belief, this amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of each of the provinces of Ontario, British Columbia, Alberta, Saskatchewan and New Brunswick.

EIGHT CAPITAL

“Patrick McBride”

Patrick McBride

Head of Origination & Managing Director, Investment Banking

CANACCORD GENUITY CORP.

“Steve Winokur”

Steve Winokur

Director, Investment Banking

INDUSTRIAL ALLIANCE SECURITIES INC.

“John Rak”

John Rak

Managing Director, Investment Banking