



FIORE

Fiore Cannabis Ltd.

Annual Information Form

For the year ended December 31, 2020

Dated September 10, 2021

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U.S. FEDERAL LAWS

The Company derives a substantial portion of its revenues from the cannabis industry in certain States of the United States, which industry is illegal under U.S. federal law. Fiore is a multi-State operator in the U.S. cannabis sector, with a state-of-the-art cultivation and production facility in Nevada and an award-winning dispensary focused on cannabis wellness products in California. Through its operating companies, Fiore is in the business of cultivation and production of medical and recreational marijuana and holds six State approved licenses in Nevada, which consist of medical and recreational marijuana cultivation licenses, medical and recreational production licenses, and a distribution license for its dispensary in California. As such, Fiore is engaged in the manufacture, possession, use, sale or distribution of cannabis.

The United States federal government regulates drugs through the CSA, which places controlled substances, including marijuana (defined as all parts of the plant *Cannabis sativa* L. containing more than 0.3 percent THC), in a schedule. Marijuana (also referred to as cannabis) is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

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

Under President Barack Obama, the U.S. administration attempted to address the inconsistencies between federal and state regulation of cannabis in a memorandum sent by then-Deputy Attorney General James Cole to all United States Attorneys in August 2013 (the "**Cole Memo**"). The Cole Memo acknowledged that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several States have enacted laws relating to cannabis for medical and recreational purposes. In March 2017, then newly-appointed Attorney General Jeff Sessions, a long-time opponent of State-regulated medical and recreational cannabis, noted limited federal resources and acknowledged that much of the Cole Memo had merit; however, he had previously stated that he did not believe it had been implemented effectively. On January 4, 2018, Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded the Cole Memo, which allowed U.S. federal prosecutors to exercise their discretion in determining whether to prosecute compliant State law cannabis-related operations as violations of U.S. federal law throughout the United States.

On January 20, 2021, Joseph R. Biden Jr. was sworn in as the new President of the United States. During his campaign, he stated a policy goal to decriminalize possession of cannabis at the federal level. However, he has not publicly supported the full legalization of cannabis. It is unclear how much of a priority decriminalization may be for President Biden's administration. President Biden has nominated federal judge Merrick Garland to serve as his Attorney General. During his confirmation hearings in the Senate on February 22, 2021, Attorney General nominee Mr. Garland confirmed that he would not prioritize pursuing cannabis prosecutions in States that have legalized and that are regulating the use of cannabis, both for medical and adult use. On March 10, 2021, Mr. Garland was confirmed as United States Attorney General.

It is unclear what impact, if any, the new administration will have on U.S. federal government enforcement policy on cannabis. Nonetheless, there is no guarantee that the position of the DOJ will not change.

There is no guarantee that State laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of State laws

within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that U.S. federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in States where the sale and use of cannabis is currently legal, or if existing applicable State laws are repealed or curtailed, Fiore's business, results of operations, financial condition and prospects would be materially adversely affected. See *"United States Regulatory Environment – Federal Regulatory Environment – U.S. Federal Enforcement Priorities"*.

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

Fiore's involvement in the U.S. cannabis market may subject Fiore to heightened scrutiny by regulators, stock exchanges, clearing agencies and other U.S. and Canadian authorities. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Fiore's ability to operate in the U.S. or any other jurisdiction. There are a number of risks associated with the business of Fiore. See *"United States Regulatory Environment"* and *"Risk Factors"*.

MEANING OF CERTAIN REFERENCES AND CURRENCY INFORMATION

In this annual information form ("**AIF**" or "**Annual Information Form**"), unless the context otherwise requires, the "**Company**" or "**Fiore**" refers to Fiore Cannabis Ltd. together with its wholly-owned subsidiaries. This AIF applies to the business activities and operations of the Company for the year ended December 31, 2020, as updated to September 10, 2021. Unless otherwise indicated, the information in this AIF is given as of the date hereof.

Unless otherwise indicated, all references to "\$" or "C\$" in this AIF refer to Canadian dollars and all references to "US\$" in this AIF refer to United States dollars.

Wherever used in this Annual Information Form, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

"ACC" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S. Operations – ACC Acquisition and Disposition"*;

"Allied Purchase Agreement" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S. Operations – Apex Facilities"*;

"Apex Expansion" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S. Operations – Apex Facilities"*;

"Apex Facilities" has the meaning ascribed thereto under *"Description of the Business – General"*;

"August 2020 Debentures" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – Financings"*;

"BCC" means the California Bureau of Cannabis Control;

"Board" means the board of directors of the Company;

"California Cultivation Properties" has the meaning ascribed thereto under *"Description of the Business – Overview of the Company's Cannabis Business – Cultivation and Production – California"*;

"CCB" means the Nevada Cannabis Compliance Board;

"Celista Agreement" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – Canadian Operations"*;

"Celista Project" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – Canadian Operations"*;

"Cole Memo" has the meaning ascribed thereto under *"U.S. Federal Laws"*;

"Common Shares" means common shares in the capital of the Company without par value;

"CPC Acquisition" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S Operations – California Patients Club Acquisition"*;

"CSA" means the *Controlled Substances Act* (United States);

"CSE" means the Canadian Securities Exchange;

"DEA" means the United States Drug Enforcement Agency;

"Debentures" has the meaning ascribed thereto under *"Description of Capital Structure – Debentures"*;

"DOJ" means the United States Department of Justice;

"Expansion Land Lease" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S Operations – Apex Facilities"*;

"Expansion Services Agreement" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S Operations – Apex Facilities"*;

"FSM" means Full Spectrum Medicinal Inc., a wholly-owned subsidiary of the Company;

"Green Leaf" means 420 Express Delivery Inc., a wholly-owned subsidiary of the Company;

"Green Leaf Dispensary" has the meaning ascribed thereto under *"Description of the Business – General"*;

"IRS" means the United States Internal Revenue Service;

"LAR Loan" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – Financings"*;

"License Sale" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S. Operations – Apex Facilities"*;

"Marapharm CA" means Marapharm DHS California LLC, a wholly-owned subsidiary of the Company;

"Marapharm LV" means Marapharm Las Vegas LLC, a wholly-owned subsidiary of the Company;

"MAUCRSA" means the *Medicinal and Adult-Use Cannabis Regulation and Safety Act* (California);

"METRC" has the meaning ascribed thereto under *"United States Regulatory Environment – State Regulatory Environment – Nevada – Reporting Requirements"*;

"NI 51-102" means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators;

"October 2020 Debentures" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – Financings"*;

"Option Plan" has the meaning ascribed thereto under *"Description of Capital Structure – Compensation Securities"*;

"Options" means stock options to purchase Common Shares granted pursuant to the Option Plan;

"RSU Plan" has the meaning ascribed thereto under *"Description of Capital Structure – Compensation Securities"*;

"RSUs" means restricted share units of the Company granted pursuant to the RSU Plan;

"Settlement Agreement" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S Operations – ACC Acquisition and Disposition"*;

"Share Consolidation" has the meaning ascribed thereto under *"Corporate Structure – Name, Address and Incorporation"*;

"Staff Notice 51-352" means Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities*, published by the Canadian Securities Administrators on February 8, 2018;

"State" means a state in the United States of America;

"THC" means tetrahydrocannabinol;

"Tonasket Assets" has the meaning ascribed thereto under *"General Development of the Business – Three-Year History – U.S Operations – Washington Operations"*;

"U.S." or **"United States"** means the United States of America;

"Unit" means a unit of the Company; and

"Warrants" means Common Share purchase warrants of the Company;

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained in this AIF is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Company believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. The Company has not independently verified any of the data from third party sources referred to in this AIF and accordingly, the accuracy and completeness of such data is not guaranteed.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This AIF includes "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws. All information, other than statements of historical facts, included in this AIF that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information or statements. Forward-looking information and statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: the disposition of certain assets of the Company, including (without limitation) the Tonasket Assets, the California Cultivation Properties and the License Sale; new revenue streams; the completion by the Company of contemplated acquisitions of additional real estate, cultivation, dispensary, delivery and licensing assets, including the CPC Acquisition; the roll out of new dispensaries or cultivation facilities; applications for additional licenses and the grant of licenses or renewals of existing licenses that have been applied for; the expansion of existing cultivation and production facilities, including the Apex Expansion; the approval of various trademark applications; the completion of cultivation and production facilities that are under construction; the construction of additional cultivation and production facilities; the expansion into additional U.S. markets; any potential future legalization of adult-use and/or medical cannabis under U.S. federal law; the benefits of the Company's products; expectations of market size and growth in the United States and the States in which the Company operates or contemplates future operations; the extent of the impact of the COVID-19 pandemic, including government and/or regulatory responses to the outbreak and expectations regarding the effect thereof on the Nevada and California cannabis markets; the settlement or resolution of outstanding litigation, including the timing and the estimated exposure thereof to the Company; statements relating to the business and future activities of, and developments related to, the Company after the date of this AIF, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

The forward-looking information and statements contained in this AIF are based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including (without limitation): (a) management's perceptions of historical trends, current conditions and expected future developments; (b) Fiore's ability to generate cash flow from operations; (c) general economic, financial market, regulatory and political conditions in which the Company operates; (d) the production and manufacturing capabilities and output from Fiore's facilities; (e) consumer interest in the Company's products; (f) competition; (g) anticipated and unanticipated costs; (h) government regulation of Fiore's activities and products; (i) the timely receipt of any required regulatory authorizations, approvals, consents, permits and/or licenses; (j) Fiore's ability to obtain qualified staff, equipment and services in a timely and cost-efficient manner; (k) the Company's ability to conduct operations in a safe, efficient and effective manner; (l) Fiore's ability to continue to operate in light of the COVID-19 pandemic and the impact of the pandemic on demand for, and sales of, our products and our distribution channels; and (m) other considerations that management believes to be appropriate in the circumstances. While Fiore's management considers these assumptions to be reasonable based on information currently available to Company management, there is no assurance that such expectations will prove to be correct.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others, the limited operating history of the Company; the ability of the Company to continue as a going concern; the Company's actual financial position and results of operations differing from management's expectations; the Company's business model; current and future litigation against the Company; a lack of business diversification; increasing competition in the industry; public opinion and perception of the cannabis industry; expected significant costs and obligations; development of the business of the Company; access to capital; ability to become profitable or pay dividends; risks relating to the management of growth; risks inherent in an

agricultural business; risks relating to energy costs; risks related to research and market development; risks related to breaches of security at the Company's facilities; reliance on suppliers; risks related to the Company being a holding company; risks related to service providers withdrawing or suspending services under threat of prosecution; risks related to proprietary intellectual property and potential infringement by third parties; risks of litigation relating to intellectual property; negative clinical trial results; insurance related risks; risks associated with cannabis products manufactured for human consumption including potential product recalls; risks relating to being unable to attract and retain key personnel; risks relating to obtaining and retaining relevant licenses; risks relating to integration of acquired businesses; risks related to quantifying the Company's target market; risks related to reliance on limited jurisdictions; risks related to industry growth and consolidation; fraudulent activity by employees, contractors and consultants; cyber-security risks; conflicts of interest; risks related to reputational damage in certain circumstances; leased premises risks; risks related to the COVID-19 pandemic; U.S. regulatory landscape and enforcement related to cannabis, including political risks; heightened scrutiny by regulatory authorities; risks related to capital raising due to heightened regulatory scrutiny; risks related to tax liabilities; risks related to U.S. state and local law regulations; risks related to access to banks and credit card payment processors; risks related to potential violation of laws by banks and other financial institutions; ability and constraints on marketing products; risks related to lack of U.S. federal trademark and patent protection; risks related to the enforceability of contracts; the limited market for securities of the Company; difficulty for U.S. holders of Common Shares to resell over the CSE; price volatility of Common Shares; uncertainty regarding legal and regulatory status and changes; future sales by shareholders; no guarantee regarding use of available funds; currency fluctuations; and other factors beyond the Company's control, as more particularly described under "*Risk Factors*" in this AIF.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes.

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

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the *Business Corporations Act* (British Columbia) on April 24, 2007 under the name "0789189 B.C. Ltd." Initially, the Company's authorized share capital consisted of 10,000 class "A" common voting shares without par value, 10,000 class "B" common voting shares without par value, 10,000 class "C" common non-voting shares without par value, 70,000 class "D" preferred non-voting shares with a par value of \$1.00 each and 10,000 class "E" preferred non-voting shares without par value. On February 19, 2012, the Company altered its articles of incorporation to: (a) rename the class "A" common voting shares to Common Shares; (b) increase the maximum number of Common Shares that the Company is authorized to issue to an unlimited number of Common Shares; and (c) eliminate the class "B" common voting shares, the class "C" common non-voting shares, the class "D" preferred non-voting shares and the class "E" preferred non-voting shares. On March 5, 2012, the Company approved a plan of

arrangement with its parent company, Whitewater Resources Ltd. and became a reporting issuer. On May 21, 2013, the Company altered its articles of incorporation by deleting and cancelling the existing articles of incorporation and adopting a new form of articles of incorporation which maintained the described capital structure. On May 23, 2013, the Company changed its name to "Capital Auction Market Inc." On August 1, 2014, the Company changed its name to "Marapharm Ventures Inc." On October 24, 2018, the Company changed its name to "Liht Cannabis Corp." On June 7, 2019, the Company changed its name to "Citation Growth Corp." On June 12, 2019, the Company completed a consolidation of its issued and outstanding Common Shares on the basis of four (4) pre-consolidation Common Shares for one (1) post-consolidation Common Share (the "**Share Consolidation**"). On October 28, 2020, the Company changed its name to "Fiore Cannabis Ltd."

The head office of the Company is located at 102 – 1561 Sutherland Ave, Kelowna, BC V1Y 5Y7. The registered office of the Company is located at 20th Floor – 250 Howe Street, Vancouver, BC V6C 3R8.

The Common Shares are listed on the CSE under the trading symbol "FIOR". The Company is also quoted on the OTCQX, part of the OTC Markets Group, under the trading symbol "FIORF" and trades on the Frankfurt Stock Exchange and the Stuttgart Stock Exchange under the trading symbol "2M0A". The Company is a reporting issuer in Canada in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario.

Inter-corporate Relationships

The table below describes the current intercorporate relationships of the Company. At the present time, the Company has three Canadian subsidiaries and six United States subsidiaries.

<u>Name</u>	<u>Formation Jurisdiction</u>	<u>Relationship</u>	<u>Purpose</u>
Fiore Cannabis Ltd.	British Columbia	Parent	Parent Company
Marapharm Las Vegas, LLC	Nevada	100% subsidiary	Real Estate
EcoNevada, LLC	Nevada	100% indirect subsidiary	Cultivation and Production
Phenofarm NV LLC	Nevada	100% indirect subsidiary	Cultivation and Distribution
Marapharm DHS, LLC	California	100% subsidiary	Real Estate
420 Express Delivery Inc.	California	100% indirect subsidiary	Retail
Marapharm Washington, LLC	Washington	100% subsidiary	Real Estate
Marapharm Inc.	British Columbia	100% subsidiary	Cultivation and Production
Full Spectrum Medicinal Inc.	British Columbia	100% indirect subsidiary	Real Estate and Intellectual Property

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Corporate

On February 1, 2018, Brian Lovig resigned as President of the Company, Linda Sampson was appointed President of the Company and Rene Wolfe was appointed Corporate Secretary of the Company.

On February 20, 2018, Corey Klassen resigned as Chief Financial Officer of the Company.

On March 1, 2018, Hanspaul Pannu was appointed Chief Financial Officer of the Company and Corey Klassen was appointed Vice President of Corporate Development of the Company.

On July 31, 2018, Yari Nieken resigned from the Board.

On August 8, 2018, David Alexander resigned from the Board.

On August 13, 2018, Rahim Mohamed was appointed to the Board.

On October 16, 2018, Richard Huhn was appointed to the Board.

On October 24, 2018, the Company changed its name to "Liht Cannabis Corp."

On October 25, 2018, Linda Sampson resigned as Chief Executive Officer of the Company and was appointed as Chief Operating Officer of the Company, and Rahim Mohamed was appointed as Chief Executive Officer of the Company.

On December 21, 2018, Raman Gill was appointed to the Board.

On March 1, 2019, Corey Klassen resigned from the Board.

On March 14, 2019, Linda Sampson resigned from the Board.

On March 14, 2019, Marcel LeBlanc was appointed to the Board.

On March 26, 2019, Linda Sampson resigned as Chief Operating Officer of the Company.

On March 26, 2019, Rene Wolfe resigned as Corporate Secretary of the Company.

On April 1, 2019, Nilda Rivera was appointed as Chief Financial Officer of the Company and Hanspaul Pannu resigned as Chief Financial Officer and was appointed President of the Company.

On June 7, 2019, the Company changed its name to "Citation Growth Corp."

On June 12, 2019, the Company completed the Share Consolidation.

On August 2, 2019, Hanspaul Pannu resigned as President of the Company, Rahim Mohamed resigned as Chief Executive Officer and was appointed President of the Company and Howard Misle was appointed as Chief Executive Officer and a director of the Company.

On November 5, 2019, Raman Gill resigned from the Board and Alnoor Nathoo was appointed to the Board.

On November 30, 2019, Nilda Rivera resigned as Chief Financial Officer and Rahim Mohamed was appointed as Interim Chief Financial Officer.

On January 6, 2020, Kevin Cornish was appointed as Chief Financial Officer of the Company.

On January 13, 2020, Howard Misle resigned as Chief Executive Officer and a director of the Company and Rahim Mohamed was appointed as Interim Chief Executive Officer.

On February 11, 2020, Rahim Mohamed resigned as Interim Chief Executive Officer, President and a director of the Company and Erik Anderson was appointed as Chief Executive Officer, President and a director of the Company.

On March 11, 2020, Shane Dungey was appointed to the Board.

On June 19, 2020, Richard Huhn resigned from the Board.

On July 22, 2020, Ron Stern was appointed a director of the Company and Alnoor Nathoo resigned from the Board.

On October 7, 2020, Dylan Rexing was appointed to the Board.

On October 28, 2020, the Company changed its name to "Fiore Cannabis Ltd."

On November 18, 2020, James O'Sullivan was appointed a Corporate Secretary of the Company.

On November 20, 2020, the Company changed its fiscal year end from March 31 to December 31.

On February 26, 2021, Shane Dungey and Ron Stern resigned as directors of the Company.

Financings

On April 2, 2018, the Company closed the second tranche of a non-brokered private placement of 246,805 Units at \$0.865 per Unit for gross proceeds of \$213,486. Each Unit consisted of one Common Share and one Warrant. Each Warrant was exercisable for one Common Share at a price of \$0.87 per Common Share until April 2, 2019.

On May 18, 2018, the Company closed a non-brokered private placement of 7,500,003 Units at \$0.60 per Unit for gross proceeds of \$4,500,002. Each Unit consisted of one Common Share and one-half of one Warrant. Each Warrant was exercisable for one Common Share at a price of at \$0.70 per Common Share until May 21, 2019.

On June 11, 2018, the Company closed a non-brokered private placement of 9,350,000 Units at \$0.50 per Unit for gross proceeds of \$4,675,000. Each Unit consisted of one Common Share and one-half of one Warrant. Each Warrant was exercisable for one Common Share at a price of \$0.70 per Common Share until June 11, 2019.

On November 19, 2018, the Company closed a non-brokered private placement of 2,156,000 Units at \$0.25 per Unit for gross proceeds of \$539,000. Each Unit consisted of one Common Share and one Warrant. Each Warrant was exercisable for one Common Share at a price of \$0.50 per Common Share until May 19, 2020.

On March 28, 2019, the Company closed a non-brokered private placement of 2,125,000 Units at \$0.20 per Unit for gross proceeds of \$425,000. Each Unit consisted of one Common Share and one-half of one Warrant. Each Warrant was exercisable for one Common Share at a price of \$0.50 per Common Share until September 25, 2020.

On May 8, 2019, the Company closed a non-brokered private placement of one-year, 10% convertible unsecured debentures (the "**May 2019 Debentures**") in the principal amount of \$1,000 per debenture for gross proceeds of \$250,000. The May 2019 Debentures were convertible into Units at a price of \$0.80 per Unit. Each Unit consisted of one Common Share and one Warrant exercisable for one Common Share at a price of \$1.40 per Common Share until November 9, 2020.

On July 10, 2019, the Company closed a non-brokered private placement of one-year, 10% convertible unsecured debentures (the "**June 2019 Debentures**") in the principal amount of \$1,000 per debenture for gross proceeds of \$250,000. The June 2019 Debentures were convertible into Units at a price of \$0.80 per Unit. Each Unit consisted of one Common Share and one Warrant exercisable for one Common Share at a price of \$1.40 per Common Share until January 10, 2021.

On October 30, 2019, the Company closed a non-brokered private placement of 3,615,000 Units at \$0.30 per Unit for gross proceeds of \$1,084,500. Each Unit consisted of one Common Share and one-half of one Warrant. Each Warrant is exercisable for one Common Share at a price of \$0.60 per Common Share until October 30, 2021. Such Warrants are subject to an accelerated expiry if the volume weighted average trading price of the Common Shares on the CSE is equal to or above \$1.00 per Common Share for a period of 10 consecutive trading days.

On March 30, 2020, the Company closed a non-brokered private placement of 2,783,793 Units at \$0.15 per Unit for gross proceeds of \$417,569. Each Unit consisted of one Common Share and one Warrant. Each Warrant is exercisable for one Common Share at a price of \$0.22 per Common Share until September 30, 2021. Such Warrants are subject to an accelerated expiry if the volume weighted average

trading price of the Common Shares on the CSE is equal to or above \$0.50 per Common Share for a period of 10 consecutive trading days.

On June 24, 2020, the Company closed a non-brokered private placement of 3,930,721 Units at \$0.15 per Unit for gross proceeds of \$589,608. Each Unit consisted of one Common Share and one Warrant. Each Warrant is exercisable for one Common Share at a price of \$0.22 per Common Share until December 25, 2021. Such Warrants are subject to an accelerated expiry if the volume weighted average trading price of the Common Shares on the CSE is equal to or above \$0.50 per Common Share for a period of 10 consecutive trading days.

On August 20, 2020, the Company closed a non-brokered private placement of 780 Units for gross proceeds of \$780,000. Each Unit consisted of a \$1,000 principal amount unsecured non-convertible debenture (the "**August 2020 Debentures**") and 2,000 Warrants. The August 2020 Debentures mature on August 20, 2022 and accrue interest at 10% per annum. Each Warrant is exercisable for one Common Share at a price of \$0.15 per Common Share until August 20, 2022. The Company paid \$39,000 in cash and issued 78,000 Warrants (on the same terms as the Warrants issued under the private placement) as a finder's fee.

On October 21, 2020, the Company closed a non-brokered private placement of 252 Units for gross proceeds of \$252,000. Each Unit consisted of a \$1,000 principal amount unsecured non-convertible debenture (the "**October 2020 Debentures**") and 2,000 Warrants. The October 2020 Debentures mature on October 21, 2022 and accrue interest at 10% per annum. Each Warrant is exercisable for one Common Share at a price of \$0.15 per Common Share until October 21, 2022. The Company paid \$12,600 in cash and issued 25,000 Warrants (on the same terms as the Warrants issued under the private placement) as a finder's fee.

On December 17, 2020, the Company closed a non-brokered private placement of 175 Units for gross proceeds of \$175,000. Each Unit consisted of a \$1,000 principal amount unsecured non-convertible debenture (the "**December 2020 Debentures**") and 2,000 Warrants. The December 2020 Debentures mature on December 17, 2022 and accrue interest at 10% per annum. Each Warrant is exercisable for one Common Share at a price of \$0.15 per Common Share until December 17, 2022.

On December 22, 2020, the Company entered into a secured revolving credit promissory note with LAR Enterprises, LLC, a company controlled by Mr. Rexing, a director of the Company, for a principal amount of US\$2,000,000 (the "**LAR Loan**"). The LAR Loan carries an interest rate of 10% per annum and is secured by the Apex Facilities and the Green Leaf Dispensary. The LAR Loan has a one-year term, with an option to extend by one additional year. In consideration for the LAR Loan, the Company shall issue up to 3,000,000 Common Shares to the lender at a deemed issue price of \$0.085 per Common Share and up to 2,000,000 Warrants, based on the amount of funds drawn under the LAR Loan. Each Warrant is exercisable for one Common Share at a price of \$0.15 per Common Share. As at December 31, 2020, the Company had drawn US\$550,000 under the LAR Loan and issued 825,000 Common Shares and 550,000 Warrants expiring December 23, 2022. As of the date hereof, the Company has drawn the full US\$2,000,000 under the LAR Loan, issuing a total of 3,000,000 Common Shares and 2,000,000 Warrants expiring December 23, 2023.

On April 21, 2021, the Company closed a non-brokered private placement of 6,445,880 Units at \$0.15 per Unit for gross proceeds of \$966,882. Each Unit consisted of one Common Share and one Warrant. Each Warrant is exercisable for one Common Share at a price of \$0.22 per Common Share until October 21, 2022. Such Warrants are subject to an accelerated expiry if the volume weighted average trading price of the Common Shares on the CSE is equal to or above \$0.50 per Common Share for a period of 10 consecutive trading days.

On May 3, 2021, the Company closed a non-brokered private placement of 2,093,244 Units at \$0.15 per Unit for gross proceeds of \$313,987. Each Unit consisted of one Common Share and one Warrant. Each Warrant is exercisable for one Common Share at a price of \$0.22 per Common Share until November 3, 2022. Such Warrants are subject to an accelerated expiry if the volume weighted average trading price

of the Common Shares on the CSE is equal to or above \$0.50 per Common Share for a period of 10 consecutive trading days.

On June 18, 2021, the Company entered into secured short term loan agreements for an aggregated principal amount of \$652,500 in which \$152,500 was converted from the unsecured loan from a director of the Company. The short term loans are secured by a deed of trust lien on the facility located in North Las Vegas, Nevada and bear interest at 13% per annum. The lenders have agreed to convert the principal & unpaid interest into units of a debenture financing expected to be closed in 90 days.

U.S. Operations

Apex Facilities

On October 17, 2018, the Company received a temporary Certificate of Occupancy from the City of North Las Vegas for the first 5,000 square foot Apex Facility. On October 23, 2018, the State of Nevada completed its final inspection and approval of the first Apex Facility. On November 6, 2018, the Company was awarded permanent Certificates of Occupancy for both of the Apex Facilities. Fiore completed its first harvest at the Apex Facilities in February 2019 and commercial wholesale sales of recreational cannabis began in May 2019. Production facilities, which allow for extraction and processing of concentrates, were approved in June 2019.

In April 2019, the Company received conditional approval for a cannabis distribution license from the Nevada Department of Taxation. The Company did not pursue this license and did not renew the application in May 2020 due to the abundant amount of distribution companies available in Las Vegas to deliver finished products to other licensed cannabis companies.

In January 2021, the Company commenced its installation of Fluence LED lights in all of the grow rooms at the Apex Facilities. The Company also changed over the grow methodologies at the Apex Facilities by implementing new soil and nutrient mixtures, which continue to meet the Enviroganic certification of 100% organically soil grown cannabis.

On February 15, 2021, the Company signed a non-binding letter of intent to sell, through Marapharm LV, a wholly-owned subsidiary of the Company, a surplus cultivation license for its Apex Facilities to Allied US Products, LLC ("**Allied**") for aggregate gross proceeds of US\$1,500,000 (the "**License Sale**"). On March 31, 2021, Marapharm LV and Allied entered into a definitive agreement to complete the License Sale (the "**Allied Purchase Agreement**"), pursuant to which Allied shall pay a US\$150,000 down payment to Marapharm LV (the "**Allied Deposit**"), with the remainder of the purchase price to be satisfied by the issuance of a US\$1,350,000 million promissory note issued by Allied to the Company, such promissory note to be guaranteed by 50% of Allied's net operating income, payable on a quarterly basis. Concurrently with the execution of the Allied Purchase Agreement: (a) Marapharm LV and Allied entered into a services agreement (the "**Expansion Services Agreement**") whereby Marapharm LV shall provide services to Allied in connection with its construction of 15,000 additional square feet of facility space and 9,000 additional square feet of cultivation space adjacent to the Apex Facilities (the "**Apex Expansion**"); and (b) Marapharm LV and Tactical Relief, LLC ("**Tactical**"), a wholly-owned subsidiary of Allied, entered into a land lease agreement (the "**Expansion Land Lease**") for the use by Tactical of the Apex Expansion property. Pursuant to the Expansion Services Agreement, the Company will be responsible for operating the Apex Expansion, and the Company will invoice Allied monthly for all labour, material and expenses associates with all services provided thereunder. Pursuant to the Expansion Land Lease, Marapharm LV will provide Tactical with a 25-year lease, in consideration for: (a) yearly rent of US\$1.20, US\$1.44, US\$1.62, US\$1.82 and US\$2.05 per square foot in years 1 to 5, 6 to 10, 11 to 15, 16 to 20 and 21 to 25, respectively; and (b) 50% of Tactical's net operating income, payable on a quarterly basis. The Allied Deposit has been paid and closing of the License Sale is currently subject to review under the CCB's transfer approval procedures.

In June 2021, the Company finished converting the remaining propagation lights at the Apex Facilities to Fluence LEDs, resulting in the entire cultivation process at the Apex Facilities growing under LED lights.

Green Leaf Dispensary

On January 9, 2018, Marapharm CA, a wholly-owned subsidiary of the Company, purchased Green Leaf for US\$1,600,000. See "*Description of the Business – Overview of the Company's Cannabis Business – Dispensing*" for further details.

On March 5, 2019, the Company signed a letter of intent with respect to a proposed acquisition by Cannabis One Holdings Inc. of 51% of the Company's interest in Green Leaf, which was terminated in August 2019.

California Patients Club Acquisition

On June 10, 2021, the Company signed a non-binding letter of intent to purchase California Patients Club, a cannabis delivery company operating in the state of California, for US\$1,200,000, payable in a combination of Common Shares and cash (the "**CPC Acquisition**").

PureCloud 9

On February 13, 2019, the Company launched "PureCloud 9", a hemp-based topical product line developed using organic, unrefined, cold pressed hemp seed oil which is infused with botanical and exotic essential oils.

ACC Acquisition and Disposition

On August 2, 2019, the Company completed the acquisition of ACC C Corp. ("**ACC**"), a licensed cannabis cultivator in Nevada. The Company acquired all of the issued and outstanding shares of ACC (the "**ACC Shares**") in exchange for 35,000,000 Common Shares and 11,500,000 Warrants. The Company also paid a finders' fee in relation to the acquisition of 3,250,000 Common Shares. The Warrants are exercisable for Common Shares at \$2.50 per Common Share until August 2, 2021, subject to acceleration if the volume weighted average trading price of the Common Shares on the CSE is greater than \$3.50 for a period of 10 consecutive trading days.

On January 13, 2020, Howard Misle resigned as Chief Executive Officer and director of the Company. On August 18, 2020, Howard Misle, the former Chief Executive Officer and director of the Company and the former controlling shareholder of ACC, entered into a settlement agreement with the Company (the "**Settlement Agreement**") to reacquire the ACC Shares in exchange for the return for cancellation of 18,515,424 Common Shares. See "*Legal Proceedings and Regulatory Actions – Litigation Proceedings – ACC Enterprises LLC, Howard Misle, Belmeko, LLC*" for further details.

Washington Operations

On May 29, 2018, the Company completed the acquisition of certain operational assets, leases and subleases, as well as an option and right of first refusal to purchase Washington State Liquor Cannabis Board Tier 2 and Tier 3 cultivation and processing licenses related to cannabis production and processing operations in Tonasket, Washington (the "**Tonasket Assets**"), for an aggregate purchase price of US\$2,520,000. As of March 31, 2019, the Company decided not to pursue cannabis production operations in Washington.

In June 2020, Marapharm Washington, LLC ("**Marapharm WA**"), a wholly-owned subsidiary of the Company, completed the disposition of 13.85 acres of land and related infrastructure in Lynden, Washington (the "**Lynden Lands**") for aggregate gross proceeds of US\$2,500,000. Marapharm WA owned the Lynden Lands, which were specifically approved for cannabis business use by the State of Washington. However, the State of Washington did not restrict the amount of cultivation licenses available to the public,

and the Company decided to concentrate on markets where there were more barriers to entry. Concurrently with the disposition of the Lynden Lands, the Company disposed of its interest in the cannabis cultivation license in respect of the Lynden Lands for aggregate gross proceeds of \$110,000.

Canadian Operations

On September 24, 2018, the Company completed the acquisition of all of the issued and outstanding securities of FSM.

On April 19, 2019, the Company, through FSM, entered into a share exchange agreement (the "**Buds Agreement**") with an arm's length private company to acquire Buds for You Inc., a late stage cannabis cultivation, processing and sales license applicant under the *Cannabis Act* (Canada). The Company paid a non-refundable deposit of \$250,000 and issued a total of 96,250 Common Shares in connection with the Buds Agreement.

On January 30, 2019, the Company and FSM entered into: (a) a joint venture agreement (the "**Chase JVA**") with 1186626 BC Ltd ("**118**") to develop and operate cannabis production facilities located in Chase, British Columbia through 1196788 BC Ltd., 118's nominee; and (b) a development agreement (the "**Celista Agreement**") with 118 to jointly develop a 40-acre property located in Celista, British Columbia, including two cannabis growing facilities on the lands (the "**Celista Project**"). On November 7, 2019, the Company and FSM entered into an amendment agreement and assignment agreement with 118, pursuant to which the Chase JVA was terminated and the Buds Agreement was assigned to 118. As at March 31, 2020, the assets and liabilities of the Celista Project, which included land located in Celista, British Columbia and the late-stage license application under the *Cannabis Act* (Canada), were reclassified as "held for sale".

On December 19, 2019, the Company disposed of land and buildings located in Magna Bay, British Columbia for gross proceeds of \$600,000.

On August 4, 2021, the Company completed the transfer of its ownership of the Celista Project and related assets, including the late-stage license application under the *Cannabis Act* (Canada), to a confidential buyer, in consideration for assumption of debt and liabilities estimated at \$3.9 million. Concurrent closing issues with Chase Business Development have arisen as result of the sale and Fiore is exploring options to rectify these issues within Q3 or Q4 of 2021. Fiore maintains that 118 was to contribute \$10-million to developing Celista. Chase breached the deal between the companies by failing to come up with the full \$10-million. The money it did contribute did not adhere to the payment schedule that the companies had agreed upon.

Significant Acquisition and Dispositions

During the fiscal year ended December 31, 2020, the Company did not complete any significant acquisitions as defined in NI 51-102.

DESCRIPTION OF THE BUSINESS

General

Fiore is a U.S. multi-State operator primarily running two 5,000 square foot, state-of-the-art, cultivation and production facilities in North Las Vegas, Nevada (together, the "**Apex Facilities**") and an award-winning boutique dispensary focused on cannabis wellness products in California's Coachella valley (the "**Green Leaf Dispensary**"). For more information on the Apex Facilities and Green Leaf Dispensary, see "*Overview of the Company's Cannabis Business – Cultivation and Production*" and "*Overview of the Company's Cannabis Business – Dispensing*", respectively. Fiore is focused on running the Apex Facilities and Green Leaf Dispensary as cash flow positive operations.

Overview of the Company's Cannabis Business

Cultivation and Production

Nevada

The Apex Facilities total 10,000 square feet in size and are located on 7.2 acres of property at the Apex Business Park in North Las Vegas, Nevada. The Apex Facilities are owned by Marapharm LV, while EcoNevada LLC ("**EcoNevada**") and Phenofarm NV LLC ("**Phenofarm**") sublease and occupy each of the Apex Facilities. Marapharm LV, EcoNevada and Phenofarm are all wholly-owned subsidiaries of the Company (see "*Corporate Structure – Inter-corporate Relationships*" for further details). The Apex Facilities operate a perpetual harvest cycle that has a current production capacity of approximately 1,815 pounds of flower and a maximum potential production capacity of 2,700 pounds of dry cannabis per year. Current yields average 55 lbs per harvest with 33 harvest per year (1,815 lbs). Potential yields per harvest are estimated at 75 pounds with the potential for 34 to 36 harvests per year. EcoNevada and Phenofarm each hold medical and recreation cultivation licenses for the Apex Facilities and EcoNevada holds medical and recreational production licenses for its occupied portion of the Apex Facilities (collectively, the "**Apex Licenses**").

The Apex Licenses are approved to expand to up to approximately 300,000 square feet of both cultivation and production facilities. The property on which the Apex Facilities has been built is approximately 7.2 acres and has the potential for an additional 88,000 square feet of canopy (cultivation space). The Apex Expansion represents the Company's first expansion project, which is expected to result in 15,000 additional square feet of facility space and 9,000 additional square feet of cultivation space. For more information regarding the Apex Expansion, see "*General Development of the Business – Three-Year History – U.S. Operations – Apex Facilities*", and for more information regarding licensing, see "*United States Regulatory Environment – State Regulatory Environment - Nevada – Licenses*" and "*United States Regulatory Environment – State Regulatory Environment - California – Licenses*".

The Company's products manufactured at the Apex Facilities include certified Enviroganic premium flower under the Fiore Flower brand, pre-rolls, concentrates (including vapes) under the Diamonte Labs brand, and edibles. Since inception of the Company's business, the average selling price of the Company's flower has been \$8.98 per gram, with prices ranging from \$8.82 to \$9.83 per gram, and the average selling price of the Company's pre-rolls has been \$6.74, with prices ranging from \$6.34 to \$7.34 per pre-roll.

1. **FIORE Flower:** The Company grows 18 different cannabis strains at the Apex Facilities. All of Fiore's premium cannabis is certified as organically grown by Envirocann. The certifications provide verification that the Company meets or exceeds National Organic Program (NOP) standards for cultivation and that the Company is using only Organic Materials Review Institute (OMRI), Washington State Department of Agriculture (WSDA) or California State Organic Program (CSOP) certified inputs, is following social justice directives and has accurate and complete record keeping practices.
2. **Diamante Concentrates:** Fiore sources material, including the Company's own Fiore Flower, to produce specific concentrate products such as Diamonds/Sauce, Live Resin and Sugar Wax. The Company is also working on formulations for Live Resin Vape Pens. The Apex Facilities include an extraction lab to produce extracts that will retain the true essence of the material going into Diamante's hydrocarbon extraction process. Hydrocarbons allow for better retention of volatile elements like Terpenes. These terpene profiles provide the ability to focus on 'Soil to Oil' products by bringing the cannabinoid profile from the flower into concentrate form.

Fiore expects to diversify its product lines in the upcoming months to offer its customers an even wider range of premium quality flower, extracts, edibles and concentrates. The Company's focus will be on its certified organic "Diamante Labs" products. During the second quarter of 2020, the Company started upgrading the grow methodologies at the Apex Facilities by procuring an improved organic soil recipe and

starting a wholesale changeover to LED lighting, which has the capability of tripling current yield capacity while reducing energy consumption. The light changeover was completed in the fourth quarter of 2020.

The COVID-19 pandemic saw the Las Vegas retail cannabis market close down due to government regulations. The global pandemic affected the normal course of business and created a level of uncertainty. Fiore took this unfortunate time to shift focus to operation and growth efficiencies and prepare for the reopening of the retail cannabis market and dispensaries. From February to December 2020, Fiore stored all cannabis harvests in their vault and freezers for future processing into concentrates and bulk distillate. In July 2020, the moratorium of the cannabis licenses in Nevada were lifted by the newly created CCB which has created opportunities for the purchase and transfer of cannabis licenses.

California

The Company, through its wholly-owned subsidiary Marapharm CA, owns approximately 3.35 acres of properties located in Desert Hot Springs, California (the "**California Cultivation Properties**"), which has been granted two adult conditional use permits for medical and recreational cannabis cultivation facilities. The California Cultivation Properties are listed for sale as the Company wishes to focus on the Apex Facilities and the Green Leaf Dispensary.

Dispensing

The Company operates the Green Leaf Dispensary through its wholly-owned subsidiary, Green Leaf. The Green Leaf Dispensary is a 2,100 square foot boutique dispensary in Desert Hot Springs, California, located within four miles of the annual Coachella Music Festival. Green Leaf currently holds adult-use and medicinal retail licenses from the State of California. Fiore's lease for the Green Leaf Dispensary expired in December 2020, with three options to renew for five years. The current lease has not been renewed and is currently operating as a month-to-month lease. Fiore is in negotiations for more favourable terms and tenant improvement provisions.

The Green Leaf Dispensary: (a) dispenses medical and retail product lines; (b) provides the consultation, education and convenience services described below; (c) and offers delivery services. The Green Leaf Dispensary offers its customers a diverse range of products, including cannabis flowers, cannabis concentrates and cannabis-infused products. In total, the Company currently offers over 4,500 stock-keeping units (SKUs) of cannabis-related products at the Green Leaf Dispensary.

In addition to its product offerings, the Green Leaf Dispensary offers a number of services described below, designed to educate, spread awareness of the benefits of medical cannabis and increase customer convenience. The Green Leaf Dispensary also provides a range of complementary services that are designed to assist patients to become educated about medical cannabis and maintaining a healthy lifestyle. These services include the following:

1. **Individual Consultations.** Green Leaf Dispensary offers one-on-one consultations for first time patients/customers who might be apprehensive about the use of cannabis as a medicinal or recreational product. Green Leaf Dispensary's trained patient care specialists and in-house subject matter experts are able to provide information regarding the benefits and effects of various cannabis products and provide dosage advice as well as recommendations regarding the proper method of medicating and/or recreating.
2. **Compassionate Care Program.** Green Leaf Dispensary offers a compassion program for eligible, cardholding veterans, offering such veterans access to the Green Leaf Dispensary's alternative healing services, regardless of financial status. Veteran patients are asked to have a one-on-one consultation with the dispensary manager or executive management staff to assess to what extent the veteran requires assistance and determine what options may be available to help them.

3. **Patient Education.** Green Leaf Dispensary plans to implement patient education services with a goal of providing patient education in the context of every service the company offers. Green Leaf Dispensary plans to offer a library that will include information on general holistic healing, medical cannabis use and research.
4. **Express Service.** Green Leaf Dispensary offers customers the option to place orders in advance of arriving at the dispensary similar to pick up orders at a restaurant.
5. **Home Delivery.** Green Leaf Dispensary offers its customers a convenient home delivery program which was launched in February 2018. Green Leaf Dispensary delivers to surrounding areas on the Coachella Valley, Desert Hot Springs, Palm Springs and Joshua Tree. Major markets for delivery include local wellness spas, tourists and music festivals such as the Coachella Music Festival.

Licenses

The following table provides a list of the licenses granted to the Company or its subsidiaries in respect of the Apex Facilities and the Green Leaf Dispensary. For more information on licensing requirements in Nevada and California, see "*United States Regulatory Environment – State Regulatory Environment – Nevada – Licenses*" and "*United States Regulatory Environment – State Regulatory Environment – California – Licenses*", respectively.

Entity	Address Attached to License	Type	License	Expiration / Renewal Date	Summary
Phenofarm LLC	NV 13435 Apex Harbor Lane, Las Vegas Nevada, 89165	Certificate	State of Nevada Medical Marijuana Cultivation Registration Certificate – Department of Taxation	June 30, 2022	Cultivation – Medical
Phenofarm LLC	NV 13435 Apex Harbor Lane, Las Vegas Nevada, 89165	License	State of Nevada Medical Marijuana Cultivation Facility License – Department of Taxation	June 30, 2022	Cultivation – Recreational
EcoNevada, LLC	13435 Apex Harbor Lane, Las Vegas Nevada, 89165	Certificate	State of Nevada Medical Marijuana Cultivation Registration Certificate – Department of Taxation	June 30, 2022	Cultivation – Medical
EcoNevada, LLC	13435 Apex Harbor Lane, Las Vegas Nevada, 89165	License	State of Nevada Medical Marijuana Cultivation Facility License – Department of Taxation	June 30, 2022	Cultivation – Recreational
EcoNevada, LLC	13435 Apex Harbor Lane, Las Vegas Nevada, 89165	Certificate	State of Nevada Medical Marijuana Production Registration Certificate – Department of Taxation	June 30, 2022	Production – Medical
EcoNevada, LLC	13435 Apex Harbor Lane, Las Vegas Nevada, 89165	License	Clark County Unincorporated – Marijuana Production Facility License	June 30, 2022	Production – Medical/Rec
420 Express Delivery Inc.	12285 Palm Drive, #102. Desert Hot Springs, California, 92440	License	Adult Use and Medicinal – Retail License	May 28, 2022	Retail, Delivery and Cultivation – Medical/Rec

Objectives

The Company remains focused on operating the Apex Facilities and Green Leaf Dispensary as cash flow positive operations. To this end, the Company's short-term business objectives are to: (a) complete the Apex Expansion; (b) purchase a retail dispensary in Las Vegas to vertically integrate Nevada operations; (c) vertically integrate operations in California by beginning cultivation; and (d) continue to hire management

and cultivation teams with the required skills and backgrounds to differentiate the Company in the marketplace.

The Company will also look to identify potentially beneficial acquisitions and partnerships and pursue M&A opportunities (including acquiring cultivation, production or dispensary facilities and management and other personnel) where considered accretive to accelerate its business expansion plans and drive incremental value. In the future, the Company may also pursue other opportunities in the United States (outside the States of Nevada and California) where medical and retail (sometimes referred to as "recreational") cannabis are presently legal at the State-level. The Company will only conduct business in jurisdictions outside of Nevada and California where such operations remain compliant with the Company's regulatory obligations.

The Company considers itself to be well positioned to take advantage of growth in the cannabis industry in the United States with its focused strategy and entrepreneurial management team. The Company is aware that the legal cannabis industry is in its infancy and is rapidly evolving, which presents risks in addition to opportunities. There is no certainty that the Company will not be adversely affected by changes in government regulation and other factors in the future. The Company aims to mitigate these risks by closely monitoring regulatory changes with the assistance of legal counsel and by maintaining high standards with respect to legal, accounting and security controls, as well as proactively taking a leadership role in working with regulatory bodies and other stakeholders to build the necessary institutional infrastructure typically available to other types of businesses.

Over time, the Company's business model may differ depending on the various legal requirements affecting the use of medical and/or recreational cannabis. All States that have legalized cannabis for medical or recreational use require licensed operators to hold a license issued by the applicable State authorities. In some States, for a licensed operator to be eligible to be granted a license, the owners of the licensed operator must be residents of such State. As such, listed companies or other widely held enterprises may be ineligible to obtain a license in those States where a licensed operator must be a U.S. State resident. The Company will not operate in jurisdictions which have not legalized cannabis and does not intend on operating in jurisdictions which have legalized cannabis but have not developed and imposed a licensing regime for licensed operators. See "*United States Regulatory Environment*".

Specialized Skill and Knowledge Requirements

Knowledge of living soil and organic cannabis cultivation are integral to the Company's operations since the Company seeks to produce 100% organically soil grown cannabis. The Company currently employs several key personnel with knowledge of living soil and organic cannabis growth. In particular, the Company's proprietary cultivation and production processes are overseen by the Company's Director of Operations, Hassan Khalatbari, who has more than 10 years of cannabis industry experience

On May 3, 2021, Fiore hired Lucius Selesky as Director of Extraction to spearhead the development, and expansion of, its cannabis-infused product lines. Mr. Selesky has more than five years of experience in cannabis extraction. The Company intends to develop an array of cannabis products such as oils (including cartridges for vape pens), sugars, wax, live resin, rosins and diamonds. The Company is planning to launch additional products including edibles and other infused edible varieties in the future.

In total, the Company employs multiple business professionals and entrepreneurs, recruited and employed for their respective areas of functional expertise commonly found in consumer-packaged goods and retail businesses, including but not limited to: finance and accounting, legal and compliance, supply chain and operations, sales and marketing, commercial and cannabis agriculture, chemists, customer service, construction and project management, real estate, and human resources.

Competitive Conditions

With respect to retail operations, the Company competes with other retail license holders across Desert Hot Springs, California. Many of the Company's competitors in the markets in which the Company operates, or may operate in the future, are small local operators. In addition to physical dispensaries, the Company also competes with third-party delivery services which provide direct-to-consumer delivery services in California. The retail market in California has greater barriers to entry due to local jurisdictions limiting the city licenses for dispensaries and more closely reflect free market dynamics typically seen in mature retail and manufacturing industries. The controlled growth of these markets reduces the risk of increased competition. Given the Company's runway as an early player in California, which has historically seen limited supply markets, management views the Company's market share as less at risk than operators without a current operating footprint.

With respect to cultivation and production operations, the Company competes with other licensed cultivators and operators in Nevada and other States in which it may operate in the future.

It also is presumed that there are several illegally operating dispensaries and cultivators in California and Nevada respectively, which serve as competition to the Company. It is expected, however, that the majority of these illegal dispensaries and cultivators will be forced to cease operations in the near-term. See "*Risk Factors*".

Components

The main raw materials and components used in the production of the Company's products are cannabis seeds and clones, soil, nutrients, organic integrated pest and disease management, environmental supplementation, disposable supplies, and other miscellaneous inputs, all of which are readily available from multiple sources at wholesale or lower prices.

Water for the Apex Facilities is obtained from the municipal water system in Las Vegas, Nevada and delivered through a third party. The price of water is determined by the City of Las Vegas and the third-party delivery company charges their own delivery fee. The facility uses third party waste removal services for sewage, water and gas.

Cycles

There have been potential seasonal fluctuations observed over the last three years of operations at the Green Leaf Dispensary reflective of the California market specifically, as well as industry-wide cannabis-themed holidays and events such as "420" and tourist events such as the Coachella Music Festival. These potential seasonal fluctuations have been interrupted by the COVID-19 pandemic, which have presented the industry and the Green Leaf Dispensary with a unique set of opportunities and challenges. As of the date of this AIF, the Company does not know the long-term impact that the COVID-19 pandemic will have on the previously observed trends.

In Nevada, the Company pivoted strategies during the COVID-19 pandemic by focusing on efficiency at the Apex Facilities rather than revenue due to the shut down of the dispensary supply chain mandated by the Nevada State Government. The Company changed its soil recipe and converted the facility to all LED lighting.

Changes to Contracts

The Company is unaware of any aspect of its business that may be materially affected in the 12 months following the date of this AIF by renegotiation or termination of contracts or sub-contracts.

Intellectual Property

The Company has applied for trademarks at Nevada State and U.S. federal level, some of which are currently pending for the "Weekender" and "Surfer Weed". These trademarks are designed for use on products, clothing, wearables, and other non-cannabis products with the intent of creating a valuable brand.

Environmental

The Company does not anticipate that environmental protection requirements will have a material financial or operational effect on the Company's capital expenditures, earnings, and competitive position in the current financial year or in future years.

Employees

As at December 31, 2020, the Company had a total of 16 full-time and 9 temporary employees used when required from a third-party staffing company. Full time employees are distributed among several departments, including sales, management and administration, security, cultivation, operations, marketing, facilities, human resources, and finance, accounting and legal.

UNITED STATES REGULATORY ENVIRONMENT

In accordance with Staff Notice 51-352, below is a discussion of the federal and State-level U.S. regulatory regimes in those jurisdictions where the Company is currently involved, directly or through its subsidiaries. The Company is directly engaged in the manufacture, possession, use, sale or distribution of cannabis in the retail and/or medicinal cannabis marketplace in the State of Nevada and California. In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Company's licenses, business activities or operations will be promptly disclosed by the Company.

The Company holds assets, leases, real estate holdings, and serves its customers and patients from the Apex Facilities in North Las Vegas, Nevada, and the Green Leaf Dispensary in Desert Hot Springs, California. The Company continually strives to maintain compliance with Nevada and California cannabis statutes and regulations thereunder, which are described in greater detail below. The foregoing assets are held by the Company or its subsidiaries, and the Company is directly involved in the cultivation and distribution of medical and retail cannabis for the purposes of Staff Notice 51-352. As of December 31, 2020, 100% of the Company's go-forward business was directly derived from United States cannabis-related activities, and the Company's balance sheet and income statement exposure to United States cannabis-related activities is 100%.

Federal Regulatory Environment

General

The federal government of the United States regulates controlled substances through the CSA, which places controlled substances on one of five schedules. Currently, marijuana is classified as a Schedule I controlled substance. A Schedule I controlled substance means the DEA considers it to have a high potential for abuse, no accepted medical treatment, and a lack of accepted safety for the use of it even under medical supervision. Overall, the United States federal government has specifically reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by State law. Accordingly, there are a number of significant risks associated with the business of the Company and unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential

amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law, and the business of the Company may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States. See "*U.S. Federal Laws*" for further details.

As a result of the November 2020 U.S. federal election, a new presidential administration is now in office. There can be no assurance as to the position any new administration may take on marijuana and the new administration could decide to enforce the federal laws strongly. Any enforcement of current U.S. federal laws could cause significant financial damage to the Company and its shareholders. Further, future presidential administrations may want to treat marijuana differently and potentially enforce the federal laws more aggressively. See "*U.S. Federal Laws*" for further details.

U.S. Federal Enforcement Priorities

Due to the current federal regulatory environment in the United States, as further described herein, Fiore may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the U.S. As a result, Fiore may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the U.S. or any other jurisdiction. See "*Risk Factors – Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law.*" and "*Risk Factors – There is uncertainty surrounding the Biden Administration and Attorney General Merrick Garland and their influence and policies in opposition to the cannabis industry as a whole.*"

Changes in government policy or public opinion can significantly influence the regulation of the cannabis industry in Canada, the United States and elsewhere. A negative shift in the public's perception of cannabis in the U.S. or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause State jurisdictions to abandon initiatives or proposals to legalize cannabis or otherwise implement their cannabis regulatory schemes. Any inability to fully implement Fiore's business strategy in Nevada and California or expand to other jurisdictions may have a material adverse effect on Fiore's business, financial condition and results of operations. See "*Risk Factors*".

Further, violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from criminal charges or civil proceedings conducted by either the U.S. federal government or private citizens (who have the right to seek private relief for Fiore's "aiding and abetting" activities that violate U.S. federal law), including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on Fiore, including on its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the U.S., the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity, or the market price of its publicly-traded shares. In addition, it is difficult for Fiore to estimate the time or resources that would be needed for the investigation or final resolution of any such matters because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. See "*Risk Factors – Risk Factors Specifically Related to the United States Regulatory System*".

State Regulatory Environment

General

The Company's operations, to the Company's knowledge, are in compliance with applicable State laws, regulations and licensing requirements in all material respects. Nonetheless, for the reasons described above and risks described under "*Cautionary Statements Regarding Forward-Looking Information*" and "*Risk Factors*", but not limited to these reasons, there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read all the risk factors contained herein. The

following sections describe the legal and regulatory landscape in respect of the States in which the Company currently operates (i.e. Nevada and California).

While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Company's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Nevada

Nevada Regulatory Landscape

The use of medical marijuana was legalized in Nevada by a ballot initiative in 2000. Nevada has legislatively enacted the licensing of medical marijuana business establishments since 2013. Adult-use cannabis was approved in November 2016, when voters in Nevada passed an adult-use cannabis measure to allow for the licensing of business establishments to engage in the sale of adult-use cannabis in Nevada. The first retail stores to sell adult-use marijuana began sales in July 2017. As of July 1, 2020, the CCB, the successor to the Nevada Department of Taxation as the applicable regulatory agency, governs and administers regulatory oversight for the medical and adult-use cannabis programs. Cities and counties in Nevada are allowed to determine the number of local marijuana licenses they will issue up to the maximum number allocated by the statute. Currently, the Company owns the Apex Facilities in Clark County.

Licenses

The Company, through its wholly-owned subsidiaries, owns the Apex Facilities in Clark County. Under applicable laws, the licenses issued for these facilities permit the businesses to cultivate, manufacture, process, package, sell, and purchase marijuana pursuant to the terms of the licenses and Nevada regulations. The licenses are issued by the CCB under the provisions of section 453A of the Nevada Revised Statutes, and are independently issued for each approved activity at the Apex Facilities.

State issued licenses are renewed annually, and local business licenses are renewed quarterly or annually, and there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner along with the necessary supporting documents, including requisite background investigations, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

It is important to note provisional licenses in Nevada do not permit the operation of any commercial or medical cannabis activity. Only after a provisional licensee has gone through necessary state and local inspections, if applicable, and has received a final registration certificate from CCB may an entity engage in cannabis business operation. The CCB limits application for retail licenses.

For a description of the Company's licenses in respect of the Apex Facilities, see "*Description of the Business – Licenses*".

Regulations

In the State of Nevada, only marijuana that is grown/produced in the State by a licensed establishment may be sold in the State. The companies to which the Company provides operational support are vertically-integrated and have the capabilities to cultivate, harvest, process and sell/dispense/deliver adult-use and medical cannabis and cannabis products.

Reporting Requirements

The State of Nevada has selected Franwell Inc.'s METRC solution ("**METRC**") as the State's track-and-trace system used to track commercial cannabis activity and movement across the distribution chain ("**seed-to-sale**"). Individual licensees whether directly or through third-party integration systems are required to push data to the State to meet all reporting requirements.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against diversion, theft, and loss of cannabis and cannabis products, Nevada licensed cannabis establishments are required to do the following: (a) maintain an enclosed, locked facility; (b) have a single secure entrance; (c) train employees in security measures and controls, emergency response protocol, confidentiality requirements, safe handling of equipment, procedures for handling products, as well as the differences in strains, methods of consumption, methods of cultivation, methods of fertilization and methods for health monitoring; (d) implement and install, at a minimum, the following security equipment and practices to deter and prevent unauthorized entrances: (i) devices that detect unauthorized intrusion (which may include a signal system); (ii) exterior lighting designed to facilitate surveillance; (iii) electronic monitoring devices, further including (without limitation); (A) at least one call-up monitor that is at least 19 inches in size; (B) a video printer that can immediately produce a clear still photo from any video camera image; (C) video cameras with a recording resolution of at least 704 x 480 that fully capture all of the building's points of ingress and egress as well as all interior limited access areas such that such cameras capture and can identify any activity occurring in or adjacent to the building; (D) a video camera at each point-of-sale location which allows for the identification of any person who holds a valid registry identification card, including, without limitation, a designated primary caregiver, purchasing medical marijuana; (E) a video camera in each grow room that can identify any activity occurring within the grow room in low light conditions; (F) a method for storing video recordings from the video cameras for at least 30 calendar days; (G) a failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system; (H) sufficient battery backup for video cameras and recording equipment to support at least five (5) minutes of recording in the event of a power outage; and (I) a security alarm to alert local law enforcement of unauthorized breach of security; and (e) implement security procedures that: (i) restrict access of the establishment to only those persons/employees authorized to be there; (ii) deter and prevent theft; (iii) provide identification (badge) for those persons/employees authorized to be in the establishment; (iv) prevent loitering; (v) require and explain electronic monitoring; and (vi) require and explain the use of automatic or electronic notifications to alert local law enforcement of any security breaches.

The Apex Facilities utilize a security system around the perimeter of the buildings designed to prevent and detect diversion, theft or loss of marijuana, utilizing commercial grade security and surveillance equipment in compliance with State regulatory requirements. Additionally, the Apex Facilities utilize detailed standard operating procedures and protocols for inventory and storage processes, including responsibility for management, inventory limits, inventory counts and reviews, facility reporting, cannabis inventory receipts, a waste disposal plan, salvage and solid waste disposal.

California

California Regulatory Landscape

The use of medical marijuana was legalized in California in 1996 through Proposition 215, the *Compassionate Use Act of 1996*. In September 2015, the California legislature passed three bills collectively known as the *Medical Cannabis Regulation and Safety Act* ("**MCRSA**"), establishing a licensing and regulatory framework for medical marijuana businesses in California. Multiple agencies would oversee different aspects of the program and businesses would require a State license and local approval to operate. In November 2016, voters in California passed Proposition 64, the *Adult-Use of Marijuana Act* ("**AUMA**") creating an adult-use marijuana program for adults 21 years of age or older. In June 2017, the California State Legislature passed Senate Bill No. 94, known as MAUCRSA, which amalgamates MCRSA

and AUMA to provide a set of regulations to govern a medical and adult-use licensing regime for cannabis businesses in the State of California. MAUCRSA came into effect on January 1, 2018.

The four agencies that currently regulate marijuana at the state level are the BCC, the California Department of Food and Agriculture ("**CDFA**"), the California Department of Public Health ("**CDPH**"), and the California Department of Tax and Fee Administration. In January 2020, California's Governor announced his intention to consolidate the BCC, CDFA and CDPH into a single cannabis agency, the Department of Cannabis Control. While the consolidation was delayed due to the COVID-19 pandemic, it is expected to be complete later this year.

Licenses

In order to legally operate a medical or adult-use marijuana business in California, an operator must have both a local and State license. This requires license holders to operate in cities or counties with marijuana licensing programs. Cities and counties in California are allowed to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban marijuana.

The Company, through its wholly-owned subsidiaries, operates the Green Leaf Dispensary in Desert Hot Springs, California. Under applicable laws, the licenses issued for the Green Leaf Dispensary permit the business to distribute medical and retail cannabis products in California under the provisions of MAUCRSA. The licenses are issued by the BCC.

State cannabis licenses in California must be renewed annually. Depending on the jurisdiction, the Company's local authorizations must generally be renewed annually as well. Each year, licensees are required to submit a renewal application per State cannabis regulatory guidelines. Provided renewal applications are submitted in a timely manner, the Company can expect the renewals to be granted in the ordinary course of business.

For a description of the Company's licenses in respect of the Green Leaf Dispensary, see "*Description of the Business – Licenses*".

Regulations

In the States of California, only marijuana that is grown/produced in the State by a licensed establishment may be sold in the State. California allows the wholesale purchase of cannabis from another licensed entity within the State. Retail dispensary licenses and registration certificates permit holders to purchase cannabis from cultivation facilities.

Reporting Requirements

Like Nevada, California has also selected METRC as the State's seed-to-sale track-and-trace system. Individual licensees whether directly or through third-party integration systems are required to push data to the State to meet all reporting requirements. Biotrack, the Company's chosen seed-to-sale system in California, captures the required data points for retail sales as required in the MAUCRSA.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against diversion, theft, and loss of cannabis and cannabis products, California licensed cannabis establishments are required to do the following: (a) maintain an enclosed, locked facility; (b) have a single secure entrance; (c) train employees in security measures and controls, emergency response protocol, confidentiality requirements, safe handling of equipment, procedures for handling products, as well as the differences in strains, methods of consumption, methods of cultivation, methods of fertilization and methods for health monitoring; (d) implement and install, at a minimum, the following security equipment and practices to deter and prevent unauthorized entrances: (i) devices that detect unauthorized intrusion (which may include a

signal system); (ii) exterior lighting designed to facilitate surveillance; (iii) electronic monitoring devices, further including (without limitation); (A) at least one call-up monitor that is at least 19 inches in size; (B) a video printer that can immediately produce a clear still photo from any video camera image; (C) video cameras with a recording resolution of at least 704 x 480 that fully capture all of the building's points of ingress and egress as well as all interior limited access areas such that such cameras capture and can identify any activity occurring in or adjacent to the building; (D) a video camera at each point-of-sale location which allows for the identification of any person who holds a valid registry identification card, including, without limitation, a designated primary caregiver, purchasing medical marijuana; (E) a video camera in each grow room that can identify any activity occurring within the grow room in low light conditions; (F) a method for storing video recordings from the video cameras for at least 90 calendar days; (G) a failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system; (H) sufficient battery backup for video cameras and recording equipment to support at least five (5) minutes of recording in the event of a power outage; and (I) a security alarm to alert local law enforcement of unauthorized breach of security; and (e) implement security procedures that: (i) restrict access of the establishment to only those persons/employees authorized to be there; (ii) deter and prevent theft; (iii) provide identification (badge) for those persons/employees authorized to be in the establishment; (iv) prevent loitering; (v) require and explain electronic monitoring; and (vi) require and explain the use of automatic or electronic notifications to alert local law enforcement of any security breaches.

The Green Leaf Dispensary utilizes a security system around the perimeter of the building designed to prevent and detect diversion, theft or loss of marijuana, utilizing commercial grade security and surveillance equipment in compliance with State regulatory requirements. Additionally, the Green Leaf Dispensary utilizes detailed standard operating procedures and protocols for inventory and storage processes, including responsibility for management, inventory limits, inventory counts and reviews, facility reporting, cannabis inventory receipts, a waste disposal plan, salvage and solid waste disposal.

On-going Compliance Procedures

As further described above, each of the Apex Facilities and Green Leaf Dispensary have designated a set of operating procedures, including employee training in respect of such procedures, to secure compliance with applicable State regulatory requirements. Such operating procedures were reviewed with the applicable regulators during the initial licensing processes and are reviewed on a continuous basis by virtue of ongoing inspections and reviews by the applicable regulatory authorities. Managers and employees at the Apex Facilities and Green Leaf Dispensary are empowered to identify key business processes that should be formally documented to assure safety and regulatory compliance. Such operating procedures also include policies in respect of building security, cash management, inventory management and disposal, security of financial instruments, security monitoring systems, security of information, and general security and safety.

The Company's United States legal counsel reviews, and will continue to review, from time to time, the Company's compliance with applicable State laws, including the procedures referenced above, in order to confirm such information and identify any deficiencies. The Company's licenses to dispense, cultivate and produce cannabis, as listed in "*Description of the Business – Licenses*", above, are current and in good standing, including in the States of Nevada and California, and the Company is in material compliance with those States' regulatory programs. To the knowledge of Company, the Company has not experienced any material non-compliance nor has it received any citations or notices of violations that would endanger the status of its licenses, or that present a risk to the business activities or operations of the Company.

While the Company's Nevada and California based businesses operate in material compliance with State and local cannabis laws, its cannabis-related activities remain illegal under United States federal law. Further, from time to time, as with all businesses and all rules, it is anticipated that the Company, through its subsidiaries, may experience incidences of minor non-compliance with applicable rules and regulations. See "*Risk Factors*".

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, financial condition and results of operations, or the value of the Common Shares. Some of the following factors are interrelated and, consequently, readers should treat such risk factors as a whole. These risks and uncertainties are not the only ones that could affect the Company or the Common Shares and additional risks and uncertainties not currently known to the Company, or that it currently deems to be immaterial, may also impair the business, financial condition and results of operations of the Company and/or the value of the Common Shares. If any of the following risks or other risks occur, they could have a material adverse effect on the Company's business, financial condition and results of operations and/or the value of the Common Shares. There is no assurance that any risk management steps taken by the Company will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Risks Generally Related to the Company

Development of the business of the Company.

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

The Company believes the Green Leaf Dispensary and the Apex Facilities will result in long-term strategic and financial benefits for the Company. However, there is a risk that some or all of the anticipated strategic and financial benefits of the Green Leaf Dispensary and the Apex Facilities, including the Apex Expansion, may fail to materialize, may not continue on their existing terms, or may not occur within the time period anticipated by the Company. Although the Company has conducted due diligence with respect to material aspects of the development of its business, there is no certainty that the Company's due diligence procedures will reveal all of the risks and liabilities associated with its current plans. Although the Company is not aware of any specific liabilities, such liabilities may be unknown and accordingly the potential monetary cost of such liability is also unknown.

Uncertainty about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern will be dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, may be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations, financial condition and cash

flows of the Company. The Company's efforts to grow its business may be costlier than the Company expects, and the Company may not be able to increase its revenue enough to offset its higher operating expenses. The Company may incur significant losses in the future for a number of reasons, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease.

There is no assurance that the Company will be profitable or pay dividends.

There is no assurance as to whether the Company will achieve profitability or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends. In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Energy costs.

The Company's current and growing operations consume and will consume considerable energy, which make the Company vulnerable to the State of Nevada's and any other applicable jurisdiction's energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Company and its ability to operate profitably.

There is no assurance that the Company will obtain and retain any relevant licenses.

State licenses in the U.S. are subject to ongoing compliance and reporting requirements. Failure by the Company to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Should any state in which the Company considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Nature of the business model.

The primary businesses of the Company (directly or through one or more operating companies owned by the Company) are intended to be a leading cultivator and dispensary of cannabis and cannabis-infused products in the States of Nevada and California and other U.S. states. Because the production and sale of recreational cannabis remain illegal under U.S. federal law, it is possible that the Company's suppliers (and

other third-party service providers) and customers may be forced to cease activities. The U.S. federal government, through both the DEA and the IRS, has the right to actively investigate, audit and shut-down marijuana growing facilities and retailers. The U.S. federal government may also attempt to seize the Company's property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Company's operations will have an adverse effect on the Company's business, operating results and financial condition.

If the DOJ policy was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such DOJ policies through pursuing prosecutions, then the Company could face: (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has recently been affirmed by U.S. Customs and Border Protection, employees, directors, officers, managers and investors of the Company who are not U.S. citizens face the risk of being barred from entry into the United States for life. **This risk factor concerning the nature of the Company's business model is of a general nature only, is not exhaustive of all possible legal considerations and is not intended to be, nor should it be construed to be, legal advice to any particular reader. Accordingly, readers should consult their own legal advisors with respect to their particular circumstances.**

Reliance on limited jurisdictions.

To date, the Company's activities and resources have been primarily focused within the States of Nevada and California. The Company expects to continue the focus on these states as it continues to review further expansion opportunities into other jurisdictions in the United States. Adverse changes or developments within the States of Nevada and California could have a material and adverse effect on the Company's ability to continue producing cannabis, its business, financial condition and prospects.

The Company is a developing company with limited operating history.

As the Company has only recently begun to generate stable revenue after the lighting upgrades were completed at the Apex Facilities in January 2021 (see "*General Development of the Business – Three-Year History – U.S. Operations – Apex Facilities*" for further details), it is extremely difficult to make accurate predictions and forecasts of its finances. Similarly, operations at the Green Leaf Dispensary are also subject to ongoing adaptations due to changing market dynamics as a result of the COVID-19 pandemic and operates in the cannabis industry, which is rapidly transforming. There is no guarantee that the Company's products or services will continue to be attractive to current and potential consumers.

The Company faces current litigation actions and may become involved in additional actions in the future.

In the normal course of Fiore's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, relating to (among other things) product liability, securities claims, personal injuries, property damage, property taxes, land rights, environmental issues and contract disputes. The outcome of outstanding, pending or future proceedings, including those disclosed in "*Legal Proceedings and Regulatory*", cannot be predicted with certainty and may be determined adversely to Fiore and as a result, could have a material adverse effect on Fiore's assets, liabilities, business, financial condition and results of operations. Even if Fiore prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Company's business operations, which could adversely affect its financial condition.

Probable lack of business diversification.

Because the Company is initially focused solely on developing its cannabis business, the prospects for the Company's success will be dependent upon the future performance and market acceptance of the Company's intended facilities, products, processes, and services. Unlike certain entities that have the resources to develop and explore numerous product lines, operating in multiple industries or multiple areas of a single industry, the Company does not anticipate the ability to immediately diversify or benefit from the possible spreading of risks or offsetting of losses. Again, the prospects for the Company's success may become dependent upon the development or market acceptance of a very limited number of facilities, products, processes or services.

The Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.

Many other businesses in the States of Nevada and California and elsewhere in the United States engage in similar activities to the Company. An increase in the companies competing in this industry could limit the ability of the Company to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and be able to develop higher quality equipment or products, at the same or a lower cost. The Company cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition.

Unfavourable publicity or consumer perception.

The Company believes the medical and recreational cannabis industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis distributed to such consumers. Consumer perception of the Company's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis or derivative products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical or recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the Company's business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. Public opinion and support for medical and recreational cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult- use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general).

Ability to Access Public and Private Capital.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders

and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The inability of the Company to raise financing, if, as, or when required, to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

If the Company implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Company's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Company intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Company's business and the value of the Common Shares.

Risks inherent in an agricultural business.

The Company's business involves the growing of cannabis, an agricultural product. As such, there are many similar risks as with any agricultural commodity, such as fluctuations in pricing. The Company will be subject to other risks inherent in the agricultural business, such as insects, plant diseases and similar cultivation risks. Although the Company expects that any such growing will continue to be completed under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Research and market development.

Although the Company is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical and adult-use cannabis industry in the States of Nevada and California.

The Company is operating its business in a relatively new medical and adult-use cannabis industry and market. Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the recreational or medical cannabis industry or market could have a material adverse effect on the Company's business, financial condition and results of operations. Due to the early stage of the regulated cannabis industry, forecasts regarding the size of the industry and the sales of products by the Company are inherently difficult to prepare with a high degree of accuracy and reliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Breaches of security at the Company's facilities, or in respect of electronic documents and data storage and risks related to breaches of applicable privacy laws.

Given the nature of the Company's products, despite meeting or exceeding all legislative security requirements, there remains a risk of shrinkage, as well as theft. A security breach at one of the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential

consumers from choosing the Company's products. In addition, the Company collects and stores personal information about its consumers and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly consumer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, financial condition and results of operations.

Dependence on suppliers.

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of equipment, parts and components. This could have an adverse effect on the financial results of the Company.

The Company is a Holding Company.

The Company is a holding company and the vast majority of its assets are the capital stock of its subsidiaries, as described in "*Corporate Structure – Inter-corporate Relationships*". As a result, investors in the Company are subject to the risks attributable to such subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, and more specifically, Marapharm LV (the owner of the Apex Facilities) and Marapharm CA (the operator of the Green Leaf Dispensary), which subsidiaries generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of such subsidiaries and the distribution of those earnings to the Company. The ability of Fiore to pay dividends and other distributions will depend on its operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by its subsidiaries and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of Fiore, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of the Company's subsidiaries before the Company.

Third party service providers to the Company may withdraw or suspend their service under threat of prosecution.

Since under U.S. federal law the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law, companies that provide goods and/or services to companies engaged in cannabis-related activities may, under threat of federal civil and/or criminal prosecution, suspend or withdraw their services. Any suspension of service and inability to procure goods or services from an alternative source, even on a temporary basis, that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business, financial condition and results of operations.

The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.

The Company's ability to compete may depend on the superiority, uniqueness and value of its developed intellectual property. To the extent the Company is able to do so, to protect any proprietary rights of the Company, the Company relies and intends to rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of the Company's intellectual property:

1. the market for the Company's products and services may depend to a significant extent upon the goodwill associated with its trademarks and trade names, and its ability to register certain of its

intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. federal law;

2. patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products; the Company's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;
3. issued patents, trademarks and registered copyrights may not provide the Company with competitive advantages; the Company's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;
4. the Company's efforts may not prevent the development and design by others of products or marketing strategies similar to or competitive with, or superior to those the Company develops;
5. another party may assert a blocking patent and the Company would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; or
6. the expiration of patent or other intellectual property protections for any assets owned by the Company could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on the Company and its financial results will depend, among other things, upon the nature of the market and the position of the Company's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.

See "*Risk Factors Specifically Related to the United States Regulatory System – U.S. federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance.*" for information on how U.S. federal law may restrict the Company's ability to adequately protect its proprietary and intellectual property rights.

The Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights.

The Company may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the Company's business. The existence and/or outcome of any such litigation could harm the Company's business. Further, because the content of much of the Company's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or under U.S. federal law, the Company may face additional difficulties in defending its intellectual property rights.

Negative results from clinical trials.

From time to time, studies or clinical trials on cannabis products may be conducted by academics or others, including government agencies. The publication of negative results of studies or clinical trials related to the Company's products or the therapeutic areas in which the Company's products will compete could have a material adverse effect on the Company's sales.

Insurance coverage.

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, product liability and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental

damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

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 labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company 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 Company has detailed procedures in place for testing its 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 Company's brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the Company's results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market.

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's Chief Executive Officer, Chief Financial/Operating Officer, Vice President, Business Development, Director of Finance, Director of Operations, Director of Cultivation and other technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its cannabis-related products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute the Company's business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of the Company's employees.

Failure to successfully integrate acquired businesses, its products and other assets into the Company, or if integrated, failure to further the Company's business strategy, may result in the Company's inability to realize any benefit from such acquisition.

The Company may grow by acquiring other businesses. The consummation and integration of any acquired business, product or other assets into the Company may be complex and time consuming and, if such businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements,

even if successfully integrated, may fail to further the Company's business strategy as anticipated, expose the Company to increased competition or other challenges with respect to the Company's products or geographic markets, and expose the Company to additional liabilities associated with an acquired business, technology or other asset or arrangement.

If and when the Company acquires cannabis businesses, it may obtain the rights to applications for licenses as well as licenses; however, the procurement of such applications for licenses and licenses generally will be subject to governmental and regulatory approval. There are no guarantees that the Company will successfully consummate such acquisitions, and even if the Company consummates such acquisitions, the procurement of applications for licenses may never result in the grant of a license by any state or local governmental or regulatory agency and the transfer of any rights to licenses may never be approved by the applicable state and/or local governmental or regulatory agency.

The size of the Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly purchases and follows market research.

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition.

The cannabis industry and businesses ancillary to and directly involved with cannabis businesses are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability. The Company may continue to sell securities for cash to fund operations, capital expansion, and mergers and acquisitions that will dilute the current shareholders.

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If additional funds are raised through issuances of equity or convertible securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of convertible securities of the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to

capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

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

The Company will be reliant on information technology systems and may be subject to damaging cyberattacks.

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.

Although certain officers of the Company may be bound by non-competition agreements limiting their ability to enter into competing and/or conflicting ventures or businesses during, and for period after their employment with the Company, the Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's officers and directors may have fiduciary obligations associated with these business interests

that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In certain circumstances, the Company's reputation could be damaged.

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

COVID-19 Pandemic

In December 2019, COVID-19 emerged in Wuhan, China. Since then, it has spread to many other countries and infections have been reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the outbreak, governmental authorities in the U.S., Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions.

The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, including through disruptions in labour inputs and cultivation and processing activities, supply chains and sales channels. In response to the COVID-19 pandemic, the Company has implemented precautionary measures at the Apex Facilities and Green Leaf Dispensary to ensure the safety of its staff and product consumers, including limiting visits to essential personnel and ensuring proper protocols around sanitation and social distancing. These measures and similar measures taken by other businesses may adversely impact the Company's labour productivity and its supply chains. In addition, the COVID-19 pandemic is impacting cannabis retail sales channels and may adversely affect the Company's ability to successfully market and sell its products. While cannabis retail was initially declared an essential service in many states, the situation is fluid and unpredictable. Moreover, sales volumes of cannabis may be adversely impacted by consumer "social distancing" behaviours. What further impact, if any, the COVID-19 pandemic may have on cannabis retail markets is unpredictable. The continued spread of COVID-19 nationally and globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, including the evolution of new variants of COVID-19 and the pace and impact of vaccine development, procurement and

distribution, it is not possible to estimate its impact on our business, operations or financial results; however, the impact could be material.

Risk Factors Specifically Related to the United States Regulatory System

Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under U.S. federal law.

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under U.S. federal law under any and all circumstances under the CSA. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and certain drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and its products. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited to, aiding and abetting another's criminal activities. The United States federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal". As a result of such an action, the Company may be forced to cease operations and be restricted from operating in the U.S. and its investors could lose their entire investment. Such an action would have a material negative effect on the Company's business and operations.

There is uncertainty surrounding the Biden Administration and Attorney General Merrick Garland and their influence and policies in opposition to the cannabis industry as a whole.

As discussed under "U.S. Federal Laws" and "United States Regulatory Environment", as a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis business in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in the Cole Memo. The Cole Memo was addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memo outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. In particular, the Cole Memo noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memo standard.

In light of limited investigative and prosecutorial resources, the Cole Memo concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded the Cole Memo. With the Cole Memo rescinded, U.S. federal prosecutors can exercise their discretion in determining whether to prosecute compliant state law cannabis-related operations as violations of U.S. federal law throughout the United States. The potential impact of the decision to rescind the Cole Memo is unknown and may have a material adverse effect on the Company's business and results of operations. Through June 30, 2021, DOJ appropriations prohibit use of funds for enforcement actions against medical marijuana. On January 15, 2019 U.S. Attorney General William Barr stated at his confirmation hearing to the Senate Judiciary Committee that he would "not go after companies" that had relied upon the Obama-era guidance (the Cole Memo) that former Attorney General Jeff Sessions had rescinded in states where cannabis has been legalized. See "United States Regulatory Environment".

The Company's business interests in the United States include the cultivation and provision of cannabis and cannabis-infused products. The Company is not aware of any non-compliance with the applicable licensing requirements or regulatory framework enacted by the states in which any of the Company customers or partners are operating.

In February 2017, the Task Force on Crime Reduction and Public Safety was established through an executive order by the President of the United States. Names of those serving on the task force have not been published, and the group was supposed to deliver its recommendations by July 27, 2017. The recommendations of the group were not made public on that date, but the Attorney General issued a public statement which said he had received recommendations "on a rolling basis" and he had already "been acting on the task force's recommendations to set the policy of the department". Based on previous public statements made by the Attorney General, there had been some expectation that the task force may make some recommendations with respect to laws relating to cannabis. However, to date there has been no public announcement in this regard from the Attorney General.

The Company is operating at a regulatory frontier.

The cannabis industry is a new industry that may not succeed. Should the federal government in the U.S. change course and decide to prosecute those dealing in medical or other cannabis under applicable law, there may not be any market for the Company's products and services in the U.S. Cannabis is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit the Company to succeed. The Company is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

The Company's operations in the United States cannabis market may become the subject of heightened scrutiny.

The Company's operations in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in and/or operate in the United States or any other jurisdiction.

Heightened scrutiny by Canadian regulatory authorities.

For the reasons set forth above, the Company's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

It had been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding (the "**TSX MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange,

and the TSX Venture Exchange. The TSX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TSX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when Common Shares are listed on a Canadian stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of the applicable stock exchange.

Regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital.

The Company's business activities rely on newly established and developing laws and regulations in the States of Nevada and California. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes, including changes in the interpretation and/or administration of applicable regulatory requirements may adversely affect the Company's profitability or cause it to cease operations entirely. Any determination that the Company's business fails to comply with Nevada's and California's cannabis regulations would require the Company either to significantly change or terminate its business activities, which would have a material adverse effect on the Company's business.

The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Authority or other federal, the States of Nevada or California or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or non-medical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

The Company, and/or contract counterparties with respect to the Company which are directly engaged in the trafficking of cannabis, may incur significant tax liabilities due to limitations on tax deductions and credits under section 280E of the Internal Revenue Code (United States).

Section 280E of the *Internal Revenue Code* (United States) prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in controlled substances which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from underpayment of taxes due to the application of Section 280E. Under a number of cases, the United States Supreme Court has held that income means gross income (not gross receipts). Under this reasoning, the cost of goods sold ("**COGS**") is permitted as a reduction in determining gross income, notwithstanding Section 280E. Although proper reductions for COGS are generally allowed to determine gross income, the scope of such items has been the subject of debate, and deductions for significant costs may not be permitted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favourable to cannabis businesses. Thus, the Company, to the extent of its "trafficking" activities (if applicable), and/or key contract counterparties directly engaged in trafficking in cannabis, may be subject to United States federal tax, without the benefit of deductions or credits. To the extent such tax limitations create a financial burden on contract counterparties, such burdens may impact the ability of such counterparties to make full or timely payment to the Company, which would have a material adverse effect on the Company's business.

State and local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Company's products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Certain states and local jurisdictions have promulgated certain requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While the Company follows the guidelines and regulations of each applicable state and local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any state or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. In the event the Company expands into other U.S. jurisdictions, it plans to undertake no cross-border commerce between states until the federal regulatory environment permits such commerce to occur.

The Company may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Company to operate.

In February 2014, the United States Financial Crimes Enforcement Network ("**FinCEN**") issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Biden Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States and Canada and may have to operate the Company's business on an all-cash basis. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned.

Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under U.S. federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Company may also be exposed to the foregoing risks. In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Constraints on marketing products.

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

U.S. federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

The Company's contracts may not be legally enforceable in the U.S.

Because the Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Investors in the Company and its directors, officers and employees may be subject to entry bans into the United States.

Because cannabis remains illegal under United States federal law, those employed at or investing in legal and licensed Canadian cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis businesses. Entry happens at the sole discretion of the United States customs and border protection ("CBP") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for United States border guards to deny entry.

On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal or Canada may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States or Canada (such as the Company), who are not United States citizens face the risk of being barred from entry into the United States for life. As described above, on October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible.

Risks Related to the Company's Securities

The Company cannot assure that a market will continue to develop or exist for the Common Shares or what the value of the Common Shares will be.

The Company cannot assure that a market will continue to develop or be sustained for the Common Shares. If a market does not continue to develop or is not sustained, it may be difficult for investors to sell Common Shares at an attractive price or at all. The Company cannot predict the prices at which the Common Shares will trade.

It may be difficult, if not impossible, for U.S. holders of the Common Shares to resell them over the CSE.

It has recently come to management's attention that all major securities clearing firms in the U.S. have ceased participating in transactions related to securities of Canadian public companies involved in the medical marijuana industry. This appears to be due to the fact that marijuana continues to be listed as a controlled substance under U.S. federal law, with the result that marijuana-related practices or activities, including the cultivation, possession or distribution of marijuana, are illegal under U.S. federal law. Accordingly, U.S. residents who acquire Common Shares as "restricted securities" may find it difficult – if not impossible – to resell such shares over the facilities of any Canadian stock exchange on which the shares may then be listed (including the CSE). It remains unclear what impact, if any, this and any future actions among market participants in the U.S. will have on the ability of U.S. residents to resell any Common Shares that they may acquire in open market transactions.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the industry in which the Company operates; (iv) addition or departure of the Company's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Common Shares; (vi) sales or perceived sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or the Company's competitors; (viii) fluctuations to the costs of vital production materials and services; (ix) changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility; (x) operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; (xi) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets; and (xii) regulatory changes in the industry.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

The Company is subject to uncertainty regarding legal and regulatory status and changes.

Achievement of the Company's business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the cannabis business in Canada and the U.S. is currently undergoing significant proposed changes and the Company cannot predict the impact of the regime on its business once the structure of the regime is finalized. Similarly, the Company cannot predict the timeline required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failing to obtain, required regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. Additional Common Shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for Common Shares. Holders of incentive stock options of the Company may have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Common Shares being sold in the public market, and fewer long-term holds of Common Shares by the Company's management and employees.

No guarantee on the use of available funds by the Company.

The Company cannot specify with certainty the particular uses of its available funds. Management has broad discretion in the application of its available funds. Accordingly, holders of Common Shares will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. The Company's management may spend a portion or all of the available funds in ways that the Company's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a shareholder's investment. The failure by management to apply these funds effectively could harm the Company's business. Pending use of such funds, the Company might invest available funds in a manner that does not produce income or that loses value.

Currency Fluctuations.

The Company's revenues and expenses are expected to be primarily denominated in U.S. dollars, while funding may occur in Canadian dollars or other non-U.S. currencies therefore exposing the Company to currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and operating results. The Company may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

DIVIDENDS AND DISTRIBUTIONS

The Company has not paid dividends and currently intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Company does not intend to pay dividends on the Common Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Board deems relevant. The Company is not bound or limited in any way to pay dividends in the event that the Board determined that a dividend was in the best interest of its shareholders.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without par value. As of the date hereof, there were 160,298,188 Common Shares issued and outstanding.

Holders of Common Shares are entitled to dividends, if, as and when declared by the Board, to one vote per share at meetings of shareholders of the Company and, upon dissolution, to share equally in such assets of the Company as are distributable to the holders of Common Shares.

Debentures

As of the date hereof, \$1,032,000 principal amount of debentures of the Company are issued and outstanding, including the August 2020 Debentures and the October 2020 Debentures (collectively, the "**Debentures**"). The terms of the Debentures are further described in "*General Development of the Business – Three-Year History – Financings*".

Warrants

As of the date hereof, 24,573,175 Warrants are issued and outstanding. The terms of the Warrants are further described in "*General Development of the Business – Three-Year History – Financings*".

Compensation Securities

The Company has a fixed restricted share unit plan (the "**RSU Plan**") and a fixed share option plan (the "**Option Plan**"), which were most recently approved by shareholders at the Company's annual general meeting held on April 20, 2021. Pursuant to the RSU Plan and Option Plan, the Board may grant RSUs and Options, respectively, to officers, directors, employees and consultants of the Company. As of the date hereof, a total of 13,858,098 Common Shares are reserved for issuance under each of the RSU Plan and the Option Plan. As of the date hereof, 13,822,232 RSUs and 13,564,858 Options have been granted under the RSU Plan and Option Plan, respectively.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the CSE under the symbol "FIOR". The Common Shares commenced trading on the CSE effective June 21, 2018. The following table indicates the high and low values and volume with respect to trading activity for the Common Shares on the CSE on a monthly basis for the Company's financial year ended December 31, 2020 and to the date of this AIF.

Month	High (\$)	Low (\$)	Volume
2021			
September (up to September 8)	0.1000	0.085	530,025
August	0.1050	0.070	3,715,868

Month	High (\$)	Low (\$)	Volume
July	0.1350	0.090	1,757,916
June	0.1500	0.1050	2,030,948
May	0.1600	0.1250	1,391,192
April	0.1850	0.1400	3,046,976
March	0.2300	0.1500	3,213,624
February	0.3350	0.1250	9,243,370
January	0.2300	0.1300	3,441,354
2020			
December	0.2300	0.1400	2,701,302
November	0.1700	0.0800	3,565,274
October	0.1000	0.0850	1,721,950
September	0.1250	0.0800	3,078,412
August	0.1300	0.0750	2,263,759
July	0.1400	0.0900	3,798,400
June	0.1800	0.1400	1,759,487
May	0.1900	0.0900	2,741,556
April	0.1100	0.0850	1,827,625
March	0.1700	0.0850	2,458,459
February	0.2000	0.1250	2,190,083
January	0.2200	0.1450	3,924,226

PRIOR SALES

During the financial year ended December 31, 2020, no securities have been issued by the Company that are outstanding but not listed or quoted on a marketplace, except as set forth below.

Date of Issuance	Class of Securities	Issued	Exercise Price	Expiry Date
March 30, 2020	Warrants ⁽¹⁾	2,783,793	\$0.22	September 30, 2021 ⁽²⁾
April 28, 2020	Warrants ⁽¹⁾	333,334	\$0.22	December 25, 2021
May 15, 2020	Options	2,400,000	\$0.10	May 15, 2023
May 19, 2020	Options	3,900,000	\$0.10	May 19, 2023
May 19, 2020	RSUs	5,650,554	\$0.10	May 19, 2020]
May 20, 2020	Options	136,108	\$0.105	May 20, 2023
May 20, 2020	RSUs	2,300,554	\$0.105	May 20, 2020
June 24, 2020	Warrants ⁽¹⁾	3,597,387	\$0.22	December 25, 2021 ⁽²⁾
August 20, 2020	Debentures ⁽¹⁾	780	N/A	August 20, 2022
August 20, 2020	Warrants ⁽¹⁾	1,560,000	\$0.15	August 20, 2022
October 21, 2020	Debentures ⁽¹⁾	252	N/A	October 21, 2022
October 21, 2020	Warrants ⁽¹⁾	504,000	\$0.15	October 21, 2022
November 10, 2020	Warrants ⁽¹⁾	550,000	\$0.15	December 23, 2023
December 17, 2020	Debentures ⁽¹⁾	175	N/A	December 17, 2022
December 17, 2020	Warrants ⁽¹⁾	350,000	\$0.15	December 17, 2022

Notes:

- (1) The terms of the Warrants and Debentures are more fully described in "General Development of the Business – Three-Year History – Financings".
- (2) Such Warrants are subject to an accelerated expiry date if the volume weighted average trading price of the Common Shares on the CSE is equal to or above a certain price per Common Share for a period of 10 consecutive trading days. See Note (1).

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

None of the Common Shares, Debentures or Warrants are subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

The following table sets forth the name, municipality of residence, position held with the Company and principal occupation for the five preceding years.

Name and Place of Residence	Position Held (and First Date Appointed as a Director)	Principal Occupation(s) Within the Past Five Years
Erik Anderson ⁽¹⁾ <i>Calgary, Alberta</i>	Chief Executive Officer and Director (February 11, 2020)	President and Chief Executive Officer of the Company since February 2020. Owner of Skylarking Management Services since 1994, COO at Bulldog Energy Group from 2014 to 2017 and Owner of Kanuk Board Co since 2017.
Kevin Cornish <i>Calgary, Alberta</i>	Chief Financial/Operating Officer	Chief Financial/Operating Officer of the Company since February 2020. Chief Operating Officer of High Tide Inc. from January 2018 to January 2019.
Eva Choi <i>Vancouver, British Columbia</i>	Director of Finance	Director of Finance of the Company since November 2020. Prior thereto, Controller of the Company from April 2019 to November 2020.
James O'Sullivan <i>Calgary, Alberta</i>	Corporate Secretary/Legal	Partner at Dentons Canada LLP since August 2018; Corporate Secretary of the Company since November 2020.
Marcel LeBlanc ⁽¹⁾ <i>Coldstream, British Columbia</i>	Chairman (March 14, 2019)	Vice President of Operations and Co-Founder of Norcan Electric Inc., an electrical and instrumentation service provider, since November 2005.
Dylan REXING ⁽¹⁾ <i>Newburgh, Indiana</i>	Director (October 1, 2020)	President and Chief Executive Officer of REXING Companies, a private logistics company, since June 2015.

Note:

(1) Member of the Audit Committee of the Company.

As of the date hereof, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 35,788,372 Common Shares, representing approximately 22% of the currently outstanding Common Shares, based upon information furnished by the person(s) concerned.

The directors listed above will hold office until the next annual general meeting of the Company or until their successors are elected or appointed. The by-laws of the Company permit the Board to appoint directors to fill any casual vacancies that may occur. Individuals appointed as directors to fill casual vacancies on the Board hold office for the remainder of the term of the director that he or she is replacing, being until the next annual general meeting at which time they may be re-elected or replaced.

Corporate Cease Trade Orders

To the Company's knowledge, no director or executive officer of the Company is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that

was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies and Other Proceedings

To the Company's knowledge, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

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

Penalties or Sanctions

To the Company's knowledge, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required to disclose his interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies provided under the *Business Corporation Act* (British Columbia).

Other than Mr. Rexing's controlling shareholder interest in LAR Enterprises, LLC, the lender under the LAR Loan, there are no known existing or potential conflicts of interest among the Company, its directors and officers or other members of management of the Company or of any proposed director, officer or other member of management as a result of their outside business interests except that certain of the directors

and officers serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See "*Risk Factors*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Litigation Proceedings

Except as set forth below, there are no legal proceedings that the Company is or was a party to, or that any of its property is or was a subject of, during the most recently completed financial year that were or are material to the Company, nor are any such legal proceedings known to the Company to be contemplated which could be deemed material to the Company.

Veritas Civil Claim

In February 2019, Veritas Pharma Inc. ("**Veritas**") commenced a civil claim against the Company in the Supreme Court of British Columbia, alleging (among other things) that the Company and various of its subsidiaries owe Veritas \$1,000,000 (the "**Veritas Loan**") pursuant to the terms of a loan agreement between Veritas, the Company and various of its subsidiaries (the "**Veritas Loan Agreement**"). In April 2019, the Company filed a counterclaim against Veritas alleging the parties never executed the Veritas Loan Agreement, that the Veritas Loan is subject to different terms as agreed to by the parties and that Veritas is bound by the terms of the alleged loan arrangements. The Company is actively defending Veritas' claim and is actively pursuing its counterclaim.

BC Securities Commission Proceedings

In November 2018, the British Columbia Securities Commission (the "**BCSC**") announced their investigation into existing consulting agreements the Company had with a variety of individuals and companies, pertaining to two private placements that occurred in May 2018 and June 2018 (the "**Consulting Agreements**"). The BCSC has discontinued the proceedings against Fiore but has reserved its rights to recommence proceedings.

Bridgemark Class Action

In July 2019, a proposed class action was commenced against Fiore and certain of its former officers and directors (among many other defendants) in relation to the Consulting Agreements. The claim alleges a "conspiracy" amongst certain issuers and consultants under which the consultants effectively obtained shares of the issuers at far below the disclosed private placement value and then sold them into the secondary market at inflated prices. The claim also alleges misrepresentations to the secondary market in relation to certain news releases and other filings related to the private placements entered into with the consultants.

The value of the claim is currently not known.

As is typical in class actions, the defendants, including Fiore, have not yet filed defences. Fiore has, however, been defending itself. As of March 31, 2021, all upcoming steps in the litigation have been adjourned generally as against Fiore and its former officers and directors.

ACC Enterprises LLC, Howard Misle, Belmeko, LLC

On January 13, 2020, Howard Misle resigned as Chief Executive Officer and director of the Company, which led to litigation over various issues regarding his tenure as Chief Executive Officer and the Company's acquisition of Mr. Misle's cannabis company, ACC. On August 18, 2020, the Company, Mr. Misle, and ACC, among others, entered into the Settlement Agreement resulting in the return of 18,515,424 Common Shares. On August 25, 2020, the 18,515,424 Common Shares were returned to treasury for cancellation.

Each party to the Settlement Agreement provided mutual releases in respect of the above-described disputes.

Regulatory Actions

To the knowledge of management of the Company, there have not been any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and the Company has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF, including in respect of the LAR Loan, no director, executive officer or principal shareholder of the Company, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or will materially affect the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is WDM Chartered Professional Accountants, at its office located at 1500, 640 – 5th Avenue S.W., Calgary, Alberta, T2P 3G4.

The transfer agent and registrar of the Common Shares is Computershare Investor Services Inc. located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9.

MATERIAL CONTRACTS

Except as disclosed below and other than contracts entered into in the ordinary course of business, there have been no material contracts entered into by the Company within the most recently completed financial year, or before the most recently completed financial year that are still in effect.

1. the LAR Loan;
2. the Allied Purchase Agreement;
3. the Expansion Services Agreement; and
4. the Expansion Land Lease.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102, by Fiore during, or related to, Fiore's most recently completed financial year other than WDM Chartered Professional Accountants, Fiore's auditors.

WDM Chartered Professional Accountants is independent of Fiore in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares and securities authorized for issuance under equity compensation plans and interests of insiders in material transactions, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors, which has been filed on SEDAR at www.sedar.com.

Additional financial information is provided for in Fiore's financial statements and management's discussion and analysis for the nine months ended December 31, 2020 and the fiscal year ended March 31, 2020. Documents affecting the rights of security holders, along with other information relating to the Company, may be found on SEDAR at www.sedar.com. Additional copies of this Annual Information Form and the materials listed in the preceding paragraph are available on the foregoing basis and upon request by contacting the Company at its offices at 102 – 1561 Sutherland Ave, Kelowna, British Columbia V1Y 5Y7 or by phone at 1-778-583-4476.