



NATIONAL ACCESS  
**CANNABIS**

**NATIONAL ACCESS CANNABIS CORP.**

**ANNUAL INFORMATION FORM**

**For the fiscal year ended August 31, 2017**

**DATED: November 2, 2018**

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## GLOSSARY OF TERMS

The following is a glossary of terms used in this Annual Information Form.

“**ABCA**” means the *Business Corporations Act* (Alberta);

“**ACMPR**” means the *Access to Cannabis for Medical Purposes Regulations*, SOR/2013-230;

“**AGLC**” means the Alberta Gaming and Liquor Commission;

“**Alberta Cannabis Act**” has the meaning ascribed to the term under the heading “*License and Regulations - Alberta*”;

“**Alberta Regulations**” has the meaning ascribed to the term under the heading “*License and Regulations - Alberta*”;

“**Amalgamation Agreement**” has the meaning ascribed to the term under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**Annual Information Form**” or “**AIF**” means this annual information form;

“**Audit Committee**” means the audit committee of the board of directors of the Company;

“**Auxly**” has the meaning ascribed to the term under the heading “*Legal Proceedings and Regulatory Actions*”;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**BC Cannabis Act**” has the meaning ascribed to the term under the heading “*License and Regulations – British Columbia*”;

“**Bill 26**” has the meaning ascribed to the term under the heading “*License and Regulations - Alberta*”;

“**Brassneck**” has the meaning ascribed to the term under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**CannApply**” means Wilson Master Apps Inc., a company doing business as CannApply Medical Services;

“**CannApply Acquisition**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (Old NAC)*”;

“**cannabis**” means the substance set out in item 1 of Schedule II to the CDSA;

“**Cannabis Act**” means Bill C-45: *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, Eliz. II: 64-65-66;

“**Cannabis Regulations**” has the meaning ascribed to the term under the heading “*License and Regulations - Federal*”;

“**CDSA**” means the *Controlled Drugs and Substances Act*, SC 1996, c 19;

“**Common Shares**” means the common shares in the capital of the Company;

“**Company**”, “**NAC**”, “**our**”, “**us**” or “**we**” means National Access Cannabis Corp.;

“**Conversion Price**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**CPC**” means a capital pool company as defined in the policies of the TSXV;

“**CTE**” has the meaning ascribed to the term under the heading “*Description of the Business – Medical Clinics*”;

“**Debenture**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**Escrow Policy**” means TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*;

“**Final Receipt**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**First Milestone Notice**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**forward-looking statements**” has the meaning ascribed to the term under the heading “*Forward-Looking Statements*”;

“**IT**” means information technology;

“**LCBO**” has the meaning ascribed to the term under the heading “*License and Regulations - Ontario*”;

“**Licensed Producers**” means licensed producers as defined under section 35 of the ACMPR;

“**LP**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**LP Contracts**” has the meaning ascribed to the term under the heading “*Description of the Business – Medical Clinics*”;

“**LP Financing**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**Manitoba RFP**” has the meaning ascribed to the term under the heading “*Description of the Business – Retail Cannabis Stores*”;

“**META**” means NAC’s recreational cannabis brand Meta Cannabis Supply Co.™;

“**Minister**” means the Minister of Health;

“**MCMS**” has the meaning ascribed to the term under the heading “*Description of the Business – Pharmacy Medical Cannabis Management System*”;

“**NA Canada**” means National Access Canada Corporation, a private corporation incorporated under the *Canada Business Corporations Act*;

“**NA Canada Acquisition**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (Old NAC)*”;

“**NAC Bio**” means NAC Bio Inc.;

“**NACM**” means National Access Cannabis Medical Inc.;

“**Name Change**” has the meaning ascribed to the term under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**New Leaf**” means The Green Company Ltd.;

“**NewLeaf Consideration**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**NewLeaf Debenture**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**NewLeaf Loan**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**OCN**” means the Opaskwayak Cree Nation;

“**OCN Loan Agreement**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**Offering**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**Old NAC**” has the meaning ascribed to the term under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**Option Amending Agreement**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**PIPEDA**” means the *Personal Information Protection and Electronics Documents Act*, SC 2000, c 5;

“**RTO**” has the meaning ascribed to the term under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**RTO Private Placement**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (Old NAC)*”;

“**Second Cup**” means The Second Cup Ltd.;

“**Second Milestone Notice**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**Share Split**” has the meaning ascribed to the term under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**Special Warrants**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**Second Milestone Notice**” has the meaning ascribed to the term under the heading “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;

“**Subco**” has the meaning ascribed to the term under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**Subscription Documents**” means, collectively, the master investment agreements and the subscription agreements entered into by NAC and each of the respective LPs in connection with the LP Financing;

“**Subsidiary**” has the meaning attributed thereto in the *Securities Act* (Alberta);

“**Task Force**” has the meaning ascribed to the term under the heading “*License and Regulations - Federal*”;

“**THC**” means delta-9-tetrahydrocannabinol; and

“**TSXV**” means the TSX Venture Exchange.

## ANNUAL INFORMATION FORM

In this Annual Information Form, unless otherwise noted or the context indicates otherwise, the “Company”, “NAC”, “we”, “us”, and “our” refer to National Access Cannabis Corp. The information contained herein is dated as of November 2, 2018 unless otherwise stated.

All currency amounts in this Annual Information Form are expressed in Canadian dollars unless otherwise indicated.

All references in this Annual Information Form to the Company or NAC also include references to the Subsidiaries of the Company as applicable, unless the context requires otherwise.

## FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain information that may constitute “forward-looking information” and “forward-looking statements” (“**forward-looking statements**”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions, and beliefs. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget” or “budgeted”, “scheduled”, “estimates”, “projects”, “intends”, “proposes”, “complete”, “anticipates” or “does not anticipate”, “believes”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “proposed”, “potential”, or variations of such words and phrases or state that certain actions, events, or results “may”, “can”, “could”, “would”, “might”, “will be taken”, “occur”, or “be achieved”, and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking statements include, but are not limited to estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Forward-looking statements are subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. The forward-looking statements included in this Annual Information Form are made only as of the date of this Annual Information Form. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- use of proceeds from the Company's financing activities;
- closing of the Offering and the second and third tranche of the LP Financing and the timing thereof;
- the development, expansion, and assumed future results of operations of the Company's projects;
- the intention to grow the business and operations of the Company;
- consumer perception of the medical and recreational cannabis industry continuing to affect the market price of cannabis-related products;
- expectations with respect to the approval of the Company's applications for licenses pursuant to federal, state, and provincial regulation and legislation;
- the competitive conditions of the cannabis industry;
- any commentary related to the legalization of cannabis and the timing related thereto;
- the applicability of certain laws, regulations, and any amendments thereof;
- future legislative and regulatory developments involving medical and recreational cannabis;
- the ability to access sufficient capital from internal and external sources and the ability to access sufficient capital on favourable terms;
- the ability of the Company to generate cash flow from operations;
- income and sales tax regulatory matters, competition, sales projections, currency, and interest rate fluctuations;
- the competitive and business strategies of the Company; and
- the grant and the impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof.

With respect to the forward-looking statements contained in this AIF, we have made assumptions regarding, among other things: (i) our ability to generate cash flow from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial market, regulatory, and political conditions in which we operate; (iii) consumer interest in our products; (iv) competition; (v) anticipated and unanticipated costs; (vi) government regulation of our activities and products and in the areas of taxation and environmental protection; (vii) the timely receipt of any required regulatory, corporate or shareholder approvals; (viii) our ability to obtain qualified staff, equipment, and services in a timely and cost efficient manner; (ix) our ability to conduct operations in a safe, efficient, and effective manner; and (x) the ability to meet the LP Financing milestones.

Certain of the forward-looking statements and other information contained herein concerning the cannabis industry and the general expectations of NAC concerning the cannabis industry are based on estimates prepared by NAC using data from publicly available governmental sources, market research, industry analysis, and on assumptions based on data and knowledge of the cannabis industry, which NAC believes to be

reasonable. However, although generally indicative of relative market positions, market shares, and performance characteristics, such data is inherently imprecise. While NAC is not aware of any misstatement regarding any industry or government data presented herein, the medical and recreational cannabis industries involve risks and uncertainties that are subject to change based on various factors.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties, and assumptions, readers should not place undue reliance on these forward-looking statements. Whether actual performance, or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*" in this AIF. Additional information on these and other factors which could affect the Company's operations and financial results are discussed in the sections relating to risk factors of our business filed in the Company's required securities filings with applicable securities commissions or other securities regulatory authorities and which may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, the Company can give no assurance that such expectations will prove to be correct. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this Annual Information Form under "*Description of the Business*" as well as statements regarding the Company's objectives, plans, and goals, including future operating results, economic performance, and patient acquisition efforts may make reference to or involve forward-looking statements. A number of factors could cause actual events, performance, or results to differ materially from what is projected in the forward-looking statements. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Annual Information Form. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law.

## CORPORATE STRUCTURE

### Name, Address, and Incorporation

National Access Cannabis Corp. was incorporated as "Brassneck Capital Corp." ("**Brassneck**") on June 15, 2015 pursuant to Articles of Incorporation issued pursuant to the ABCA. Prior thereto, National Access Cannabis Corp. ("**Old NAC**") was incorporated pursuant to Articles of Incorporation issued pursuant to the BCBCA on November 14, 2014.

On August 30, 2017, Old NAC completed a reverse takeover of Brassneck (the "**RTO**") pursuant to the terms of an amalgamation agreement dated July 10, 2017 (the "**Amalgamation Agreement**") among Brassneck, Old NAC and 1119622 B.C. Ltd. ("**Subco**"), a wholly-owned subsidiary of Brassneck. In accordance with the terms of the Amalgamation Agreement, Subco merged with Old NAC under the provisions of the BCBCA and the combined entity, National Access Clinic Corp., became a wholly-owned subsidiary of the Company. In connection with the RTO, Brassneck completed a share split (the "**Share Split**") of all of its issued and outstanding common shares and all outstanding options and warrants to purchase common shares on the basis of 1.205 post-Share Split common shares for every 1 pre-Share Split common share. Upon completion of the RTO, Common Shares were issued to former shareholders of Old NAC, on a one-for-one basis and the business and shareholders of Old NAC became the business and shareholders of the Company. The Company

filed Articles of Amendment on August 30, 2017 and changed its name to “National Access Cannabis Corp.” (the “**Name Change**”).

The registered office of the Company is located at 1900, 520 3<sup>rd</sup> Avenue SW, Calgary, Alberta, Canada T2P 0R3. The head office of the Company is located at 1111 Wellington Street West, Ottawa, Ontario, Canada K1Y 2Y6.

### **Intercorporate Relationships**

The following chart illustrates, as at August 31, 2017 and August 31, 2018, the Company’s material Subsidiaries, including their respective jurisdiction of incorporation and percentage of voting securities of each that are held by NAC either directly or indirectly:

<b>Company Name</b>	<b>Ownership interest by NAC</b>	<b>Classification (Subsidiary, associate, other)</b>	<b>Jurisdiction of Incorporation</b>
National Access Clinic Corp.	100%	Subsidiary	British Columbia
National Access Canada Corp.	100%	Subsidiary	Canada

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Brassneck Capital Corp.**

Brassneck was incorporated pursuant to the provisions of the ABCA on June 18, 2015. Brassneck was a “CPC”. On September 4, 2015, Brassneck completed its seed share financing and issued an aggregate of 2,100,000 common shares at a price of \$0.05 per common share for gross proceeds of \$105,000. On October 6, 2015, Brassneck completed a private placement of 2,100,000 common shares at a price of \$0.10 per common share for gross proceeds of \$210,000.

On March 10, 2016, Brassneck completed its initial public offering of 2,739,000 common shares at a price of \$0.10 per common share for gross proceeds of \$273,900 by way of a final CPC Prospectus dated December 18, 2015 filed in the provinces of Alberta, British Columbia and Ontario. The common shares began trading on the TSXV effective March 15, 2016 under the symbol “BC.P”.

Brassneck entered into a letter of intent with Old NAC on March 29, 2017, which set out the general terms pursuant to which the parties negotiated the Amalgamation Agreement to complete the RTO. Brassneck’s common shares were halted from trading on the TSXV on March 29, 2017, pending announcement of the RTO.

On May 18, 2017, Brassneck incorporated Subco under the provisions of the BCBCA for the purpose of carrying out the RTO. Brassneck held a shareholder meeting on June 6, 2017, to approve a special resolution to amend Brassneck’s articles of incorporation to approve the Name Change and the Share Split in connection with the RTO.

The RTO was completed in accordance with the terms of the Amalgamation Agreement on August 30, 2017. Pursuant to the RTO, Subco merged with Old NAC under the provisions of the BCBCA and the combined entity, National Access Clinic Corp., became a wholly-owned subsidiary of the Company. Also on August 30,

2017, Brassneck completed the Share Split and the Name Change. Upon completion of the RTO, the business and shareholders of Old NAC became the business and shareholders of Brassneck.

### **National Access Cannabis Corp. (Old NAC)**

Old NAC was incorporated under the BCBCA on November 12, 2014. The principal business carried on by Old NAC was the ownership and operation of medical clinics designed to connect patients suffering from illnesses that may be helped by medical cannabis with Licensed Producers by providing such patients with the opportunity to access qualified health care practitioners and independent medical cannabis evaluations and advice. Old NAC opened its first medical cannabis clinic in Ottawa in June 2015, with additional clinics opened in Toronto (October 2016), Halifax (November 2016), Victoria (November 2016), Saskatoon (January 2017), and Winnipeg (March 2017). Prior to the completion of the RTO, Old NAC operated a total of ten clinics in seven cities across Canada in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Nova Scotia.

Effective May 4, 2015, Old NAC acquired 100% of the issued and outstanding shares of NA Canada pursuant to a share exchange agreement dated May 4, 2015 (the “**NA Canada Acquisition**”). At the time of the NA Canada Acquisition, NA Canada owned and operated one medical cannabis clinic in Victoria, Canada. The aggregate deemed consideration payable under the NA Canada Acquisition was \$461,850, consisting of 9,237,000 common shares of Old NAC issued to the former shareholders of NA Canada at a deemed price of \$0.05 per share.

On August 12, 2016, Old NAC completed a private placement of 4,000,000 common shares at a price of \$0.05 per common share for gross proceeds of \$200,000. On October 24, 2016, \$400,000 of amounts due to certain directors of Old NAC were settled by the issuance of 8,000,000 common shares of Old NAC at a deemed price of \$0.05 per share.

On December 21, 2016, Old NAC entered into a share purchase agreement with CannApply. CannApply was engaged in the business of operating clinics offering services to medical cannabis patients. CannApply operated four clinic locations within the city of Calgary, Alberta. On December 23, 2016, Old NAC purchased all of the issued and outstanding shares of CannApply (the “**CannApply Acquisition**”). Consideration of \$600,000 for the CannApply Acquisition was paid by the issuance of 1,300,000 common shares of Old NAC at a deemed price of \$0.25 per share and \$275,000 in cash.

On February 7, 2017, Old NAC closed a non-brokered private placement of 1,794,000 common shares at a price of \$0.25 per share for total gross proceeds of \$448,500.

On October 26, 2016, Old NAC closed a non-brokered private placement consisting of 11,454,698 units. Each unit was comprised of one special warrant. The units were sold at a price of \$0.15 per unit for total gross proceeds of \$1,718,205. On February 7, 2017 Old NAC closed a non-brokered private placement consisting of 300,000 units. Each unit was comprised of one special warrant. The units were sold at a price of \$0.25 per unit for total gross proceeds of \$75,000. On May 12, 2017, pursuant to conversion agreements between each special warrant holder and Old NAC, the special warrants were converted into Common Shares of Old NAC on a 1:1 basis.

On April 11, 2017, Old NAC completed a non-brokered convertible note offering for aggregate gross proceeds of \$1,000,000. The convertible notes automatically converted into common shares of Old NAC at a deemed price of \$0.20 per common share immediately prior to closing of the RTO, resulting in the issuance of 5,000,000 common shares of Old NAC to the holders of the convertible notes.

In connection with the RTO, Old NAC entered into an agency agreement to issue 24,000,000 subscription receipts at a price of \$0.25 per subscription receipt for gross proceeds of \$6,000,000 (the “**RTO Private Placement**”). The RTO Private Placement closed on July 10, 2017 with the subscription receipts being converted into common shares of Old NAC immediately prior to the closing of the RTO.

On August 30, 2017, Old NAC completed the RTO pursuant to the terms of the Amalgamation Agreement. In accordance with the terms of the Amalgamation Agreement, Subco merged with Old NAC under the BCBCA and the combined entity, National Access Clinic Corp., became a wholly-owned subsidiary of the Company. Upon completion of the RTO, Common Shares were issued to former shareholders of Old NAC, on a one-for-one basis and the business and shareholders of Old NAC became the business and shareholders of the Company. The Common Shares began trading under the symbol “NAC” on September 8, 2017.

### **National Access Cannabis Corp. (the Company)**

In December 2017, the Company entered into limited partnership agreements with numerous Manitoba Indigenous First Nations. Under the terms of these agreements, each of the OCN, Long Plain First Nation, Peguis First Nation, Nisichawayasihk Cree Nation, and Brokenhead Ojibway Nation partnered with NAC to work together to establish a retail recreational cannabis distribution network in Manitoba, when legally permissible to do so.

On January 30, 2018, the Company completed a non-brokered private placement pursuant to which it issued 10,909,091 units of the Company at a price of \$0.55 per unit for aggregate gross proceeds of \$6,000,000. Each unit was comprised of one Common Share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one Common Share at a price of \$0.90 per share until January 30, 2020. In connection with the closing of this private placement, the Company paid certain agents a cash commission of \$194,346 and issued agent warrants exercisable to acquire 353,356 Common Shares at an exercise price of \$0.90 per Common Share, until January 30, 2020.

On February 16, 2018, NAC announced that the government of Manitoba had chosen the Company as one of four recipients of licenses to operate privately owned retail cannabis stores in the Province of Manitoba, conditional upon several factors, including completing necessary agreements and providing the required documentation as outlined in the Manitoba RFP. Under the terms of the Retail Organization Agreement with the Manitoba Provincial Government, NAC is permitted to build, develop and operate retail cannabis stores in approved municipalities in the Province of Manitoba.

On April 9, 2018, the Company acquired 51% of NACM pursuant to a share purchase agreement for a total consideration of \$4,040,000 paid by 4,297,872 Common Shares. The purchase agreement also provides that, for a period of up to five years from the closing date, the vendors of NACM shall be entitled to receive up to \$6,080,000 of additional Common Shares at market price on the date of issue, which are payable as follows: (i) \$1,040,000 in the event 10,000 additional patients are assisted by NACM; and (ii) up to \$5,040,000 in the event new pharmacies or health care centres in Canada enter into certain service agreements with NACM such that the aggregate number of contracted pharmacies and health care centres with NACM is greater than 300. NACM provides turnkey cannabis education programs for medical cannabis patients through services agreements with pharmacies across Canada, and, when and if legally permissible, NACM may provide assistance with on-site medical cannabis dispensing.

On April 11, 2018, NAC and Second Cup established a strategic alliance to develop and operate a network of NAC-branded cannabis retail stores, initially across Western Canada, expanding to include additional provinces where legally permissible. In certain locations, NAC will apply for licenses to retail cannabis products and upon receipt, work with Second Cup and applicable franchisees to leverage Second Cup's extensive Canadian retail footprint to construct cannabis retail stores. Conversion of any Second Cup to a

NAC-branded retail cannabis store is conditional on obtaining a retail license from provincial regulators and the approval of Second Cup and the applicable franchisee and landlord. In consideration of this strategic alliance, NAC issued 5,000,000 warrants to Second Cup. Each warrant is exercisable into a Common Share at a price of \$0.91 per Common Share until April 12, 2023.

On May 23, 2018, the Company incorporated NAC Bio with an initial investment of \$400,000 as the majority shareholder. NAC Bio, a technology and research company established to advance clinical research regarding the medical benefits of cannabis for the treatment of chronic disease and illness. The Company has subsequently invested \$500,000 into NAC Bio and has committed to invest an additional \$100,000 into NAC Bio to help grow the business. NAC currently owns 56% of NAC Bio. The other shareholder in NAC Bio is Dr. Tyler Wish, the former CEO of Sequence Bioinformatics Inc.

On May 17, 2018, the Company's trading symbol on the TSXV was changed from "NAC" to "META".

On May 25, 2018, NAC subscribed for a \$1,850,000 secured convertible debenture of NewLeaf (the "**NewLeaf Debenture**") that was used by NewLeaf for capital expenditures required to build recreational cannabis retail stores in the Province of Alberta. The principal amount of the NewLeaf Debenture was convertible into common shares of NewLeaf at any time at NAC's option until May 25, 2020, subject to receiving regulatory approvals. On August 23, 2018, the Company elected to convert the NewLeaf Debenture into 123,333 common shares in the capital of NewLeaf, representing 9.9% of the issued and outstanding common shares of NewLeaf. Upon conversion of the NewLeaf Debenture, the Company also received \$24,585 of accrued interest.

In addition to the NewLeaf Debenture, NAC agreed to provide NewLeaf with a non-revolving operating loan for up to \$7 million pursuant to a secured loan agreement dated May 25, 2018 (the "**NewLeaf Loan**"). The loan was extended to NewLeaf to finance capital expenditures required to build recreational cannabis retail stores in the Province of Alberta and would be drawn down upon if and when cannabis retail licenses were granted to NewLeaf. The NewLeaf Loan bears interest at 6.45% per annum and is due on or before May 25, 2020.

On July 19, 2018, the Company entered into a loan agreement and related agreements with the OCN (the "**OCN Loan Agreement**"), pursuant to which the OCN agreed to lend up to \$35,000,000 to the Company. The loan has a six-month term and carries an interest rate of 10% per annum. As of the date of this AIF, the Company has drawn down a total of \$25,000,000 pursuant to the terms of the OCN Loan Agreement. The Company plans to use the proceeds from this loan to fund construction of retail locations across Western Canada as well as for working capital purposes. Pursuant to the terms of the OCN Loan Agreement, NAC must also pay the OCN a commitment fee of at least \$1,642,875.00, which will increase to \$2,142,857.00 in the event that the Company exceeds the \$25,000,000 currently drawn under the OCN Loan Agreement. The Company does not anticipate making any further draws under the OCN Loan Agreement.

On September 11, 2018, the Company executed an option amending agreement (the "**Option Amending Agreement**") pursuant to which the Company acquired all of the remaining issued and outstanding shares of NewLeaf not already owned by NAC, for total consideration of 23,582,000 Common Shares and \$5,895,500 cash (the "**NewLeaf Consideration**"), all of which were issued into escrow pending NewLeaf achieving certain post-closing milestones. The NewLeaf Consideration will be released from escrow as NewLeaf opens cannabis retail locations in Alberta. If certain milestones are not met within a defined timeline, proportionate amounts of the NewLeaf Consideration will be returned to NAC.

On October 23, 2018, the Company announced that it entered into an agreement with a syndicate of agents led by Cormark Securities Inc., in connection with a private placement (the "**Offering**") of up to \$35 million in special warrants of the Company ("**Special Warrants**") which entitle the holders thereof to receive, subject

to adjustment in certain instances and without payment of any further consideration, one senior secured convertible debenture of the Company (“**Debenture**”), each with a deemed issue price of \$1,000 per Debenture.

Special Warrants will be deemed exercised on behalf of, and without any required action on the part of, the holders on the earlier of: (i) the third business day after the date on which a final receipt (“**Final Receipt**”) for a final prospectus qualifying the Debentures issuable upon exercise of the Special Warrants has been issued by the securities regulatory authorities in the provinces in which the Special Warrants are sold; and (ii) 4:59 p.m. (Toronto time) on the date which is four months and a day following the closing date of the Offering. In the event that a Final Receipt is not obtained prior to the date that is 45 days following the closing date of the Offering, each Special Warrant shall thereafter be exercisable into 1.1 Debentures (in lieu of 1.0 Debenture).

The Debentures issuable upon exercise of the Special Warrants will be senior secured obligations of NAC and will bear interest at a rate of 8.00% per annum, payable semi-annually in arrears on May 31 and November 30 of each year, commencing May 31, 2019. The Debentures will be convertible at any time at the option of the holders into Common Shares at a conversion price of \$1.08 per Common Share (the “**Conversion Price**”). The Debentures will mature on November 30, 2021.

NAC will have the right at any time beginning 4 months and one day following the closing date of the Offering to force the conversion of the principal amount of the then outstanding Debentures at the Conversion Price on not less than 30 days’ notice should the daily volume weighted average trading price of the Common Shares be greater than \$1.57 for any 10 consecutive trading days. Holders converting their Debentures under a mandatory conversion will receive unpaid interest thereon for the period from the date of the latest interest payment date to, and including, the maturity date.

On October 26, 2018, the Company closed the first tranche of a private placement of 21,978,022 Common Shares at a price of 0.91 per Common Share for total proceeds of \$20.0 million. The closing was the first of three tranches pursuant to the Subscription Documents whereby four Licensed Producers (the “**LPs**”) subscribed, in aggregate, for up to \$55 million in Common Shares in three tranches, subject to the terms and conditions of applicable subscription agreements and master investment agreements, including the achievement of future retail expansion milestones (the “**LP Financing**”). In order to participate in the LP Financing, NAC and each of the LPs entered into the Subscription Documents committing to, among other things, subscribe for an aggregate amount of either \$10,000,000 or \$15,000,000 of Common Shares in two or three tranches.

The second tranche will occur if NAC is granted approval for an aggregate of 50 cannabis retail locations from the applicable regulatory authorities in the provinces of Canada before October 26, 2019. NAC may deliver a written notice to each of the LPs (the “**First Milestone Notice**”) requiring each LP to purchase and subscribe for \$5,000,000 of additional Common Shares at a price per Common Share equal to the 15 day volume weighted average trading price of the Common Shares on the TSXV for the last 15 trading days of the calendar month immediately preceding the date of the First Milestone Notice, or if such trading price is lower than the maximum permitted discount for the second tranche of the LP Financing, the maximum permitted discount for the issuance of the Common Shares under TSXV policies.

The third tranche will occur if NAC is granted approval for an aggregate of 100 cannabis retail locations from the applicable regulatory authorities in the provinces of Canada before October 26, 2020. NAC may deliver a written notice to three of the four LPs (excepting VIVO Cannabis Inc.) (the “**Second Milestone Notice**”) requiring such LPs to purchase and subscribe for \$5,000,000 of additional Common Shares at a price per Common Share equal to the 15 day volume weighted average trading price of the Common Shares on the TSXV for the last 15 trading days of the calendar month immediately preceding the date of the Second Milestone Notice, or if such trading price is lower than the maximum permitted discount for the third tranche

of the LP Financing, the maximum permitted discount for the issuance of the Common Shares under TSXV policies.

### **Significant Acquisitions**

NAC has not completed a significant acquisition during the financial years ended August 31, 2017 and August 31, 2018 for which disclosure is required under National Instrument 51-102 – *Continuous Disclosure Obligations*.

## **DESCRIPTION OF THE BUSINESS**

### **General**

NAC is a best practices leader in delivering secure, safe, and responsible access to legal cannabis. Through its Canada-wide network of care centres, pharmacies, NAC Bio's clinical research division, NewLeaf recreational cannabis retail stores and META recreational cannabis retail stores, NAC enables patients and the public to gain knowledge and access to Canada's network of authorized Licensed Producers of Cannabis.

### **Retail Cannabis Stores**

In December 2016, Deloitte published a report titled, *Recreational Marijuana – Insights and Opportunities*. In this report they set industry expectations for the Canadian retail industry for adult-use cannabis to generate an estimated \$5 billion to \$8 billion of revenue. NAC plans to actively pursue as many adult-use retail licenses in any province that allows for private retailers.

The Company is currently operating and constructing additional retail locations to sell and distribute cannabis and cannabis related products under its recreational cannabis brands META and NewLeaf Cannabis Corp. in select provinces. The Company expects its network of recreational cannabis stores to initially grow across the Western Canadian provinces of British Columbia, Alberta, Saskatchewan and Manitoba, before expanding to include Ontario once legally permissible. Currently, the provinces of British Columbia, Alberta, Saskatchewan and Manitoba are permitting privately run cannabis retail locations to operate within their respective provinces. It is expected that Ontario will permit private retail locations to operate within the province beginning in April 2019. The Company will continue to explore acquisition and partnership opportunities that enhance its brand and profitability.

See “*Risk Factors – Risks of Retail Store Operation*”, “*Risk Factors*” and “*Risk Factors – Regulatory Risks*”.

### **Alberta**

Alberta regulations do not include a maximum number of cannabis retail licenses, however, the province limits any one individual licensee to a 15% market share in the Province of Alberta (e.g. if 250 licenses are granted, one entity could own a maximum of 37 licenses). Additionally, the Province of Alberta will be the only operator of an e-commerce platform for online purchases. NAC expects the Alberta cannabis retail market to be extremely competitive, forcing retail operators to compete on pricing, branding and innovative concepts to attract consumers. The Alberta provincial government has provided guidance that the maximum number of licenses available to a licensee will be reviewed in July of 2019.

In Alberta as at the date hereof, the Company has submitted to the AGLC 35 retail cannabis store license applications with two additional applications to follow. To date, 20 of the retail cannabis store license applications submitted to the AGLC, have received AGLC approval. As at the date hereof, the Company has received approval for 26 municipal development permits throughout the Province of Alberta. Several other

development permit applications are still under review by various municipalities. The Company intends to own and operate the maximum number of retail cannabis stores that an entity is legally allowed by the Province of Alberta. This maximum currently stands at 37 locations.

Three of the 37 locations that NAC is targeting in Alberta locations are Second Cup locations. On April 12, 2018, NAC and Second Cup established a strategic alliance to develop and operate a network of NAC-branded cannabis retail stores, initially across Western Canada, expanding to include additional provinces where legally permissible. At certain locations NAC will apply for licenses to retail cannabis products and upon receipt, work with Second Cup and applicable franchisees to leverage Second Cup's extensive Canadian retail footprint to construct cannabis retail stores. Conversion of any Second Cup to a NAC-branded retail cannabis store will be conditional on obtaining a retail license from provincial regulators and the approval of Second Cup and the applicable franchisees and landlords.

Currently, NAC has applied for 25 licenses under NewLeaf, a company that NAC acquired on September 10, 2018 and 10 licenses under META, NAC's internally generated brand. Below is a table that shows the current status of the Company's submitted AGLC applications along with the projected store opening dates for those locations not already open. Of the sites applied for, five require rezoning.

	<b>Banner</b>	<b>City</b>	<b>AGLC Status</b>	<b>AGLC Approval</b>	<b>Rezoning Required</b>	<b>Status</b>	<b>Projected Opening Date</b>
1	Second Cup	Edmonton	Submitted		Yes	Open	
2	Second Cup	Calgary	Submitted				January 23, 2019
3	Second Cup	Calgary	Submitted				January 23, 2019
4	META	Calgary	Submitted				January 23, 2019
5	META	Hinton	Submitted			Construction	December 12, 2018
6	META	Edmonton	Submitted			Construction	December 19, 2018
7	META	Camrose	Submitted				January 30, 2019
8	META	Sherwood Park	Submitted				January 30, 2019
9	META	Edmonton	Submitted				February 6, 2019
10	META	Edmonton	Submitted		Yes		February 6, 2019
11	META	Sherwood Park	Submitted				February 6, 2019
12	META	Calgary	Submitted				February 28, 2019
13	META	Calgary	Removing				N/A
14	META	Edmonton	Removing				N/A
15	NewLeaf	Lethbridge	Submitted	Approved		Open	
16	NewLeaf	Lethbridge	Submitted	Approved		Construction	November 10, 2018
17	NewLeaf	Lethbridge	Submitted	Approved		Construction	November 20, 2018
18	NewLeaf	Calgary	Submitted	Approved		Open	
19	NewLeaf	Calgary	Submitted	Approved		Open	
20	NewLeaf	Calgary	Submitted	Approved		Open	

	<b>Banner</b>	<b>City</b>	<b>AGLC Status</b>	<b>AGLC Approval</b>	<b>Rezoning Required</b>	<b>Status</b>	<b>Projected Opening Date</b>
21	NewLeaf	Calgary	Submitted	Approved		Completed	November 9, 2018
22	NewLeaf	Calgary	Submitted	Approved		Completed	November 10, 2018
23	NewLeaf	Calgary	Submitted	Approved		Completed	November 10, 2018
24	NewLeaf	Calgary	Submitted	Approved		Completed	November 9, 2018
25	NewLeaf	Calgary	Submitted	Approved		Completed	November 13, 2018
26	NewLeaf	Edmonton	Submitted	Approved		Construction	November 20, 2018
27	NewLeaf	Edmonton	Submitted	Approved		Construction	November 20, 2018
28	NewLeaf	St. Albert	Submitted	Approved		Construction	November 9, 2018
29	NewLeaf	Calgary	Submitted			Construction	November 20, 2019
30	NewLeaf	Medicine Hat	Submitted			Construction	November 30, 2018
31	NewLeaf	Leduc	Submitted			Construction	November 30, 2018
32	NewLeaf	Medicine Hat	Submitted			Construction	November 30, 2018
33	NewLeaf	Calgary	Submitted				January 15, 2019
34	NewLeaf	Airdrie					January 7, 2019
35	NewLeaf	Calgary	Submitted				January 15, 2019
36	NewLeaf	Airdrie					January 7, 2019
37	NewLeaf	Edmonton	Submitted		Yes		January 30, 2019
38	NewLeaf	Calgary	Submitted		Yes		January 30, 2019
39	NewLeaf	Calgary	Submitted		Yes		March 6, 2019
40	NewLeaf	Calgary	Submitted				March 6, 2019

### ***Saskatchewan***

On March 14, 2018 the Government of Saskatchewan released its framework for cannabis legalization, provided details regarding its plan for the distribution, sale and use of cannabis in Saskatchewan and began the lottery-based selection process for 51 retail cannabis permits. Private retailers awarded operating permits in the province have the ability to sell cannabis products on-line throughout Saskatchewan. The Saskatchewan provincial government has indicated that they intend to operate with this market structure for three years before review.

The Company is currently exploring acquisition and partnership opportunities in the Province of Saskatchewan.

### ***Manitoba***

Manitoba has granted four (4) licenses to operate cannabis retail locations in the Province of Manitoba. More recently, Manitoba has opened a Phase II request for proposal process, to provide for more market entrants into communities which are underserved.

In Manitoba, the Company was chosen as one of four recipients of licenses to operate privately owned retail cannabis stores in the Province of Manitoba, conditional upon several factors, including completing necessary agreements and providing the required documentation as outlined in the Province of Manitoba’s November 2017 Request for Proposals (“**Manitoba RFP**”). Under the terms of the Retail Organization Agreement with the Manitoba Provincial Government, NAC will be permitted to build, develop and operate retail cannabis stores in approved municipalities in the Province of Manitoba. During the Province of Manitoba’s first phase of retail cannabis implementation, NAC intends to open 10 recreational stores in various Manitoba municipalities and an additional four stores on First Nations lands for a provincial total of 14 META branded stores. Thirteen of these stores are expected to launch by the end of 2018, and the fourteenth store in early 2019. The table below shows the current status of the Company’s Manitoba applications and the projected opening dates.

	License Type	City	Permitted under Municipal By-Law	License Submitted	License Approved	Projected Store Opening Date
1	Corporate	Winnipeg	Yes	Yes	Yes	October 17, 2018
2	Corporate	Winnipeg	Yes	Yes	Yes	November 9, 2018
3	Corporate	Winnipeg	Yes	Yes		November 15, 2018
4	Corporate	Brandon	Yes	Yes		December 5, 2018
5	Corporate	Selkirk	Yes	Yes		December 12, 2018
6	Corporate	Morden	Yes	Yes		December 19, 2018
7	Corporate	Stonewall	Yes	Yes		December 31, 2018
8	Corporate	Neepawa	Yes			January 21, 2019
9	Corporate	Winnipeg	Yes			February 27, 2019
10	FN LP <sup>(1)</sup>	Winnipeg	N/A	Yes		November 21, 2018
11	FN LP <sup>(1)</sup>	Opaskwayak (The Pas)	N/A	Yes		November 7, 2018
12	FN LP <sup>(1)</sup>	Thompson	N/A	Yes		November 14, 2018
13	FN LP <sup>(1)</sup>	Keeshkeemaquah (Portage La Prairie)	N/A	Yes		November 9, 2018
14	Corporate	*Additional License to Place	N/A	N/A	N/A	N/A

**Note:**

(1) First Nation limited partnership.

The four First Nation’s stores are expected to be located on First Nation lands as part of limited partnerships entered into with NAC and various First Nations in December of 2017. One store is expected to be located on OCN land, with another expected to be located on Nisichawayasihk Cree Nation land. Two stores are expected to be located on Long Plain First Nation lands. NAC holds 49% of the units of each of the limited partnerships while each First Nation partner holds 51% of the units of their respective limited partnership. NAC will collect 5% of the revenue from each limited partnership as a management service fee. NAC anticipates hiring indigenous members of the First Nation partners to staff each store location.

**British Columbia**

As of the date hereof, NAC is submitting retail cannabis license applications in the Province of British Columbia. The Province of British Columbia imposed a limit of 8 licenses per licensee. NAC is applying for 8 licenses.

### ***Ontario***

It is expected that Ontario will permit private retail cannabis locations to operate within the province beginning in April 2019. Assuming that the Ontario government sets a limit on the number of licenses that one licensee can attain, NAC plans on maximizing the number of retail cannabis location applications to whatever limit is imposed. As of the date of this AIF, NAC is pursuing conditional leases and offers to lease on retail locations across Ontario.

### **Medical Clinics**

In 2017, NAC operated eleven clinics. Currently, NAC operates seven clinics across Canada in six provinces. In 2018, NAC undertook a strategic shift to close certain of its brick and mortar clinics and transition to a virtual platform while concurrently pivoting operations into partnerships with existing pharmacies with the anticipation of pharmacies receiving a license to dispense cannabis medicines. To further enhance this strategic shift, NAC acquired 51% of NACM in April 2018. At the time of the acquisition, NACM had 40 pharmacies under contract with a strategy to expand further. As of the date of this AIF, NACM has entered into service agreements with 111 pharmacies.

NACM facilitates the appropriate use of medical cannabis by connecting patients with knowledgeable healthcare practitioners, coordinating clinic visits, managing medical cannabis education, providing assistance with product selection, coordinating patient registration with Health Canada approved Licensed Producers and continued follow-up. NACM clinics act as a referral hub for healthcare providers that wish to refer patients that may (in their view) benefit from medical cannabis. Patients are then screened further by NACM for eligibility.

NACM has a growing roster of eleven partner physicians and one nurse practitioner. NACM also employs: nine Cannabinoid Therapy Educators (“CTEs”), thirteen Cannabinoid Therapy Assistants and seven clinic managers. NACM has agreements with over 20 different Licensed Producers to allow for optimal matching of medical cannabis chemotypes with a patient’s medical cannabis needs and access to a diverse product supply pool.

NACM operates medical clinics that connect Canadians with Licensed Producers. The clinic staff provide patients with an in-depth education session and provide a liaison service with Licensed Producers that assists patients in selecting strains of medical cannabis based on the patient’s condition and medical needs. Each clinic typically has one to three CTEs on staff per location. The minimum qualifications for CTEs are nursing certificates or degrees or medical designations/training (RPNs, LPNs, RNs, or IMGs). In addition, training is received from medical staff, senior staff, Licensed Producers, cannabis strain guides, cannabis publications and NACM in-house educational resources.

NAC clinic staff are trained and knowledgeable on the different types of medical cannabis products available from Licensed Producers, in order to help the patient make the most appropriate decision when selecting a Licensed Producer. Clinic staff prepare the patient’s medical file and the physician or nurse practitioner reviews the file with clinic staff before the patient’s consultation. If the consultation with the physician results in a prescription for medical cannabis, clinic staff work with the patient to help register that patient with a Licensed Producer and to transmit the patient’s order. NACM staff educate the patient on the Licensed

Producer's product - indications, side-effects, cost, dosage forms and administration methods. The decision as to which Licensed Producer to select, ultimately rests with the patient.

NACM has over twenty contracts (“**LP Contracts**”) with Licensed Producers under the ACMPR. The LP Contracts govern the business relationship between NACM and the Licensed Producer. Pursuant to the LP Contracts, NACM is paid an education fee also known as an education grant. The Licensed Producer's provide medical cannabis educational materials to NACM's clinics and NACM provides these educational materials to its patients if appropriate, in addition to supplemental education. The education fee is designed to offset the expenses associated with education costs. No physician, caregiver or employee of NACM receives any direct commissions or other fees from Licensed Producers.

NACM clinics operate under municipal business licenses, which NACM and clinics maintain in good standing. NACM does not have any other specific license for operating its clinics. It is the responsibility of the clinic's physicians to maintain a medical license.

### **Pharmacy Medical Cannabis Management System**

The Company's strategic transition away from bricks and mortar medical cannabis clinics to partnerships with independent pharmacies and traditional medical clinics is being facilitated by the implementation of a Medical Cannabis Management System (“**MCMS**”) for partner pharmacies.

The MCMS provides pharmacies with a turnkey medical cannabis program for their patients and, when legally permissible, assistance with management of quality product sourcing and distribution. Partner pharmacies can screen and refer appropriate patients to NACM clinics, with the goal of providing access to knowledgeable medical cannabis practitioners and cannabinoid educators. Pharmacists will also be involved in medical cannabis counselling and follow-up as needed, at the community pharmacy level. Implementation of MCMS at pharmacies will help to provide comprehensive medical cannabis related patient care through medical cannabis education for both patients and healthcare providers, access to prescribers and, in the future, sourcing of quality cannabis products and competitive pricing for pharmacy partners and their patients.

Future telemedicine or in person appointments and counselling sessions are anticipated to take place in pharmacies and associated medical clinics in addition to NACM clinics. NACM will utilize a call-center and advanced EMR system to help co-ordinate care. In addition, patients and healthcare providers will have the opportunity to participate in research conducted through NAC Bio.

Until pharmacies can dispense on site, NACM will generate revenue for the services it provides at partner pharmacies through the education grants it receives from Licensed Producers. Once pharmacies are provided with a license to dispense, NACM will generate revenue through the wholesale margin that it earns for supporting the pharmacies in acquiring cannabis medicines from Licensed Producers.

### **NAC Bio**

NAC Bio is a patient-centered health information company utilizing cutting-edge digital technologies to advance cannabis research, innovation, and personalized cannabis care. The company is a majority controlled subsidiary of NAC and was founded by NAC and Dr. Tyler Wish in 2018 to provide NAC with a special purpose entity for developing innovative and R&D-intensive solutions to industry challenges.

In partnership with NACM, NAC Bio is developing a digital platform to accelerate research, innovation, and commercialization opportunities within the field of medicinal cannabis.

The medicinal cannabis sector is limited by a lack of high-quality information on medical cannabis patients and inadequate digital infrastructure required for pursuing sophisticated, large-scale research and innovation opportunities. Consequently, to date, the sector has been unable to apply modern research tools and analysis (e.g. human genomics and machine learning technologies) to the challenges of developing evidence-based guidelines, providing personalized patient care, performing therapeutic discovery, and generating real-world evidence. NAC Bio was established to address all of these challenges and limitations.

NAC Bio is currently developing an information database on the human use of medicinal cannabis via the NAC Registry, a voluntary patient registry that will collect high-quality, integrated (clinical, genomic, and patient outcomes), and longitudinal information from voluntary participants receiving care from NAC Medical.

It is anticipated that the NAC Bio knowledge base will be utilized in conjunction with NAC Bio's computational platform to enable enhanced patient care (e.g. treatment decision making algorithms), perform data-driven drug discovery (i.e. the development of intellectual property related to novel cannabis-related targets, compounds, and formulations), and to provide contract research services to industry partners (e.g. clinical trial matching and real-world evidence).

NAC Bio provides a unique opportunity to develop a powerful information resource to be utilized towards advanced sophisticated digital research, innovation, and commercialization opportunities and also can be utilized to return data-driven insights to patients and care providers that enhances the quality of care that NAC provides to its customers.

NAC Bio is led by Dr. Tyler Wish, a trained epidemiologist who holds a PhD (medicine) from Memorial University and a BSc from the University of Victoria. Prior to NAC Bio, Dr. Wish was the cofounder and chief executive officer of Sequence Bio, a privately-held, venture-backed biotechnology company utilizing the unique population genetics of Newfoundland in conjunction with machine learning technologies to enable computational drug discovery. Dr. Wish was appointed as one of ten Canadian Innovation Leaders by the Honorable Minister Navdeep Bains and he currently sits on the Board of ACTUA Canada, Canada's largest youth STEM outreach organization.

See “*Risk Factors – Results of Future Research*” and “*Risk Factors – Complications with Research Data*”.

## Revenue

The following table outlines for each of the two most recently completed financial years the revenue for each category of products or services that accounted for 15% or more of the total consolidated revenue of NAC, taken as a whole.

REVENUES		
	2018	2017
Consultations	-	205,156
Administrative fees	35,352	57,607
Membership fees	40,922	124,688
Educational Grants	1,718,628	684,572
Merchandise sales	131,567	120,950
	1,926,468	1,192,973

In 2018 the Company received the majority of its medical cannabis revenues from educational grants received from Licenced Producers. In 2017, patients were previously charged consultation fees and membership fees at certain clinic locations, however, these fees are no longer charged. With legislation permitting recreational cannabis use in place, the medical access regulatory framework will remain fundamentally unchanged under the ACMPR. See “*Risk Factors – Limited Operating History*”.


### Competitive Conditions

NAC will face intense competition from other cannabis retailers, some of which can be expected to have greater financial resources, market access and manufacturing and marketing experience than NAC. Increased competition by numerous independent dispensaries and larger and better financed competitors could materially and adversely affect the business, financial condition and results of the proposed operations of NAC. Because of the preliminary stage of the potential recreational cannabis market in which NAC operates, NAC expects to face additional competition from new entrants. To remain competitive, NAC will require a continued high level of investment in location expansion, information technology systems and design, marketing and sales. NAC may not have sufficient resources to maintain location expansion, information technology systems and design, marketing and sales efforts on a competitive basis which could materially and adversely affect the business, financial condition and operating results of NAC. Moreover, NAC faces intense competition from current retailers of medical cannabis, some of which have been operating for several years. Such retailers possess established cannabis supply sources, supply chain networks, retail outlets and consumer bases.








The Company believes that its leadership team, brand strategy, outstanding customer service, high quality accessible community based retail locations and a properly capitalized operation will enable the Company to establish and retain a leadership position in the retail cannabis market. The Company competes aggressively in terms of offering a wide variety of quality products at competitive pricing to differentiate its retail stores, and maintains a focus on unparalleled customer services to retain a solid and sustainable position in the market. See “*Risk Factors – Competition*”.



### Intangible Properties

The following is a complete list of trademarks of the Company that have been applied for and/or are registered with the Registrar of Trademarks in Canada:

Trademark	Country	Application No.	Registration No.
MEDICAL CANNABIS MANAGEMENT SYSTEM LOGO 	Canada	1917108	n/a
NATIONAL ACCESS CANNABIS MEDICAL & HORIZONTAL DESIGN	Canada	1917107	n/a

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<p>NATIONAL ACCESS CANNABIS MEDICAL &amp; VERTICAL DESIGN</p> 	Canada	1917106	n/a
MCMS	Canada	1917109	n/a
NATIONAL ACCESS CANNABIS MEDICAL INC.	Canada	1899181	n/a
META	Canada	1887058	n/a
<p>NATIONAL ACCESS CANNABIS &amp; DESIGN</p> 	Canada	1723392	
NATIONAL ACCESS CANNABIS	Canada	1723391	990915
<p>META CANNABIS SUPPLY CO. &amp; HORIZONTAL DESIGN</p> 	Canada	1897825	n/a
LET'S TALK ANSWERS	Canada	1723390	990917
<p>META DESIGN</p> 	Canada	1900946	n/a
<p>META CANNABIS SUPPLY CO. &amp; VERTICAL DESIGN</p> 	Canada	1897824	n/a
<p>META &amp; DESIGN</p> 	Canada	1897823	n/a
NATIONAL ACCESS CANNABIS & DESIGN	Australia	1893092	n/a

			
NATIONAL ACCESS CANNABIS	Australia	1893091	n/a
LET'S TALK ANSWERS	Australia	1893093	n/a
NEWLEAF CANNABIS & DESIGN 	Canada	1883011	n/a

See “Risk Factors – Branded Risks”.

## Employees

As of August 31, 2018, the Company had approximately 60 employees.

## Specialized Skill and Knowledge

NAC believes its success is dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills from well-established and respected retail and consumer goods companies. NAC believes its team has developed and sourced business systems to effectively and efficiently operate its retail environments. NAC has centralized branding, marketing, category management, purchasing, security, human resources, payroll, treasury and accounting. These centralized services allow NAC to provide economies of scale over an expansive footprint of potential retail stores. Centralization also provides the Company with needed risk management and cost controls. See “Risk Factors – Dependence on Skilled Labour”.

## Marketing Plans and Strategies

### *Recreational Cannabis Retail*

The Company’s consumer marketing strategy is to create brand awareness in the emerging Canadian recreational retail cannabis industry, for various retail brands. The Company believes that it will impact the market by offering a broad range of quality products at competitive prices, delivered through outstanding client service within accessible, inclusive, design and community based retail locations.

### *Medical Cannabis Clinics and Pharmacies*

The Company markets to patients for their Medical Cannabis Consultation Clinics as well as to physicians and pharmacists on the medical side of the business. The Company focusses on marketing materials and campaigns that are based on patient or physician/pharmacist education including; information about the ACMPR, Licensed Producers, and safe and responsible access to medical cannabis.

### *Marketing Mix*

The Company’s marketing mix focusses on retail marketing in stores and clinics, digital marketing through brand websites, community educational events, and earned media through public relations.

See “*Risk Factors – Constraints on Marketing*”.

## LICENSES AND REGULATIONS

The provincial and territorial regulatory frameworks relating to cannabis are complex and rapidly evolving. Provincial and territorial governments in Canada have taken different approaches to regulate the distribution and sale of adult use cannabis. Québec, New Brunswick, Nova Scotia and Prince Edward Island have chosen the government-regulated retail, whereas Alberta, Manitoba, Saskatchewan and Newfoundland & Labrador have opted for a private sector approach. Ontario and British Columbia announced plans to pursue a hybrid approach of public and private sale and distribution. The Company continues to monitor these regulatory changes and related announcements and their impact on the Company’s business and operations, including plans for further expansion of recreational retail locations.

### Federal

On June 30, 2016, the Government of Canada established the Task Force on Marijuana Legalization and Regulation (the “**Task Force**”). After taking consultations until August 29, 2016, the Task Force prepared and tabled their report on December 13, 2016 to the Minister of Public Safety and Emergency Preparedness, the Minister of Justice and Attorney General of Canada and the Minister of Health. As anticipated, the report, entitled “A Framework for the Legalization of Cannabis in Canada”, outlined a framework for a new system to legalize, regulate and restrict access to cannabis. The report contained more than 80 recommendations to federal, provincial, territorial and municipal governments on how to promote and protect public health and safety, particularly among young Canadians. Among other things, the report recommended:

- establishing a minimum age of access, as well as restrictions on advertising and promotion;
- a well-regulated production, manufacturing and distribution infrastructure that can displace the illegal market and provide appropriate safeguards, such as testing, packaging and labelling;
- maintaining a separate medical access framework to support patients using medical cannabis and evaluating such medical access framework in five years; and
- supporting the development and dissemination of information and tools for the medical community and patients on the appropriate use of medical cannabis.

On April 13, 2017 the Government of Canada released the Cannabis Act. On November 27, 2017, the House of Commons passed the Cannabis Act, and on June 19, 2018, the Cannabis Act was passed by the Senate of Canada. On June 20, 2018, the Government of Canada officially announced that the production, distribution and sale of cannabis for unqualified adult use would become legal on October 17, 2018, and subsequently on June 21, 2018, the Cannabis Act received royal assent. On June 27, 2018, Health Canada established regulations under the Cannabis Act (the “**Cannabis Regulations**”). The Cannabis Regulations outline the rules for the legal production, distribution, sale, importation and exportation of cannabis and set out, among other things, standards for, and specifications for the packaging and labelling and analytical testing of, cannabis products, and have been in effect since October 17, 2018. See “Risk Factors”.

The Cannabis Act provides a licensing and permitting framework for the production, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis, which is implemented by the Cannabis Regulations. Provincial legislation will regulate storefront and online sales of cannabis that has been produced by a person authorized under the Cannabis Act to produce cannabis for commercial purposes. The licensing, permitting and authorization regime is implemented by the Cannabis Regulations. The Cannabis Act and Cannabis Regulations contain details of the application requirements for licences and permits. Some highlights of the Cannabis Act are as follows:

- Introduces restrictions on the amounts of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the Cannabis Act.
- Permits individuals who are 18 years of age or older to cultivate, propagate, and harvest up to and including four cannabis plants in their dwelling-house, propagated from a seed or plant material authorized by the Cannabis Act.
- Restricts (but does not strictly prohibit) the promotion and display of cannabis, cannabis accessories and services related to cannabinoids to consumers, including restrictions on branding and a prohibition on false or misleading promotion and on sponsorships.
- Permits the informational promotion of cannabis in specified circumstances to individuals 18 years and older (or any older age specified by a province).
- Introduces packaging and labelling requirements for cannabis and cannabis accessories, and prohibits the sale of cannabis or cannabis accessories in packaging or with labelling that could be appealing to young persons.
- Provides the designated Minister with the power to recall any cannabis or class of cannabis on reasonable grounds that such a recall is necessary to protect public health or public safety.
- Establishes the cannabis tracking and licensing system.
- Provides powers to inspectors for the purpose of administering and enforcing the Cannabis Act and a system for administrative monetary penalties.

Changes to provincial and territorial regulatory frameworks could result in, among other things, increased compliance costs and increased supply costs, in one or more jurisdictions. Municipal and regional governments may also choose to impose additional requirements and regulations on the sale of recreational cannabis, adding further uncertainty and risk to the Company's cannabis retail model. Municipal by-laws may restrict the number of recreational cannabis retail outlets that are permitted in a certain geographical area, or restrict the geographical locations wherein such retail outlets may be opened. There is no assurance that if and when all provincial, territorial, regional and municipal regulatory frameworks, that have not yet already been enacted, are released, that the Company will be able to navigate such regulatory frameworks or conduct its intended business thereunder.

## **Ontario**

On September 8, 2017, the Government of Ontario announced its proposed plan to give the existing Liquor Control Board of Ontario (the "LCBO") the oversight of retail sales of recreational cannabis in Ontario, upon the legalization of recreational cannabis in Canada. On December 12, 2017, the Ontario government passed the *Cannabis Act, 2017* (Ontario), to regulate the lawful use, sale and distribution of recreational cannabis by the Government of Canada's October 17, 2018 legalization deadline.

On August 31, 2018, the Government of Ontario changed course on its original plans by announcing a hybrid system that will allow recreational cannabis to be sold in private retail stores while the province administers online sales. It is anticipated that private retail cannabis stores will be licensed to commence operations on or about April 1, 2019 with license applications to be accepted beginning as early as December 2018. Under the new hybrid system, the Government of Ontario will not directly operate retail cannabis storefronts but will provide an online channel that will include an age-verification system to ensure safe home delivery of cannabis products. The Government of Ontario will also act as a wholesale supplier for private retailers. All municipalities within the province will be provided with a one-time option to opt out to restrict licensing to retail stores in their municipality. The opt-out date is set for January 22, 2019. It is expected that the

Government of Ontario will release definitive regulations concerning recreational cannabis retail operations and licensing in January 2019.

## Manitoba

On November 7, 2017, the Government of Manitoba announced a hybrid retail and distribution model that would allow private retail distribution of cannabis through dispensaries. The announcement stated that all cannabis sold in retail stores must be purchased from the Manitoba Liquor and Lotteries Corporation, which will source product from federally licensed producers, and that provincial regulation of wholesaling, distribution and retail in Manitoba will be through the Liquor and Gaming Authority. On December 5, 2017, the Government of Manitoba introduced Bill 11, *The Safe and Responsible Retailing of Cannabis Act (Liquor and Gaming Control Act and Manitoba Liquor and Lotteries Corporation Act Amended)*, which contains the regulatory framework for recreational cannabis sales in Manitoba. On February 16, 2018, following a request for proposals issued on November 7, 2017 seeking applicants to operate retail cannabis locations, the Government of Manitoba announced that it conditionally accepted the Company's proposal to operate retail cannabis stores in Manitoba. During the Province of Manitoba's first phase of retail cannabis implementation, NAC intends on opening 10 recreational stores in various Manitoba municipalities and an additional four stores on First Nations land – totaling fourteen META branded stores. Thirteen of the stores are expected to launch by the end of 2018, and the fourteenth store in early 2019.

## Alberta

On November 30, 2017, the Government of Alberta passed Bill 26, *An Act to Control and Regulate Cannabis* (“**Bill 26**”), which contained the regulatory framework for recreational cannabis sales in Alberta. Bill 26 amends the *Gaming and Liquor Act* (Alberta) (renamed the *Gaming, Liquor and Cannabis Act*) (the “**Alberta Cannabis Act**”) upon the proclamation of Bill 26) to govern the purchase, distribution, sale and consumption of recreational cannabis in the Province of Alberta. Under the Alberta Cannabis Act, cannabis distribution in Alberta will be carried out through a hybrid retail model under the oversight of the AGLC. The cannabis distribution framework in the Alberta Cannabis Act provides that private retailers can own and operate licensed cannabis dispensaries, such as those operated by the Company, in Alberta, upon such private retailers obtaining a retail cannabis store license from the AGLC. The Alberta Cannabis Act further states that online distribution of cannabis will initially be restricted to the Alberta Government.

On February 16, 2018, the Government of Alberta released amendments to the *Gaming and Liquor Regulation* (Alberta) establishing regulations (the “**Alberta Regulations**”) for the sale of recreational cannabis in Alberta, including the licensing of privately owned retail cannabis stores. The Alberta Regulations stipulate, among other restrictions, that:

- no one licensee can control more than 15% of the retail cannabis store licenses issued in Alberta and no group of licensees can control more than 15% of the retail cannabis store licenses in Alberta where, in the opinion of the AGLC, the retail cannabis store licenses are or would likely be subject to common control in any material respect;
- cannabis retailers are required to hire individuals that are over eighteen years of age, have successfully completed training requirements set by the AGLC, and that have passed a criminal background check;
- cannabis retail stores cannot be located within 100 meters of a provincial health care facility or a school;
- cannabis retail stores cannot be open outside the hours of 10 a.m. and 2 a.m.;
- cannabis retail stores must implement inventory tracking, count and sales systems and security measures, including alarms, video surveillance and secured product storage;

- cannabis consumption at retail cannabis stores is prohibited;
- cannabis suppliers and their representatives cannot offer, nor can retail cannabis licensees accept, perks such as loans, money, rebates, concessions, discounts, furnishings, storage equipment, fixtures, decorations, signs, supplies or anything of value;
- transfers of retail cannabis store licenses are prohibited, and any change in ownership of a retail cannabis store business must be preapproved by the AGLC.

Based on the Alberta Regulations, there is no assurance that all of the Company's retail cannabis store license applications which have not already received approval by the AGLC, will be approved.

### **British Columbia**

On December 5, 2017, the Government of British Columbia announced a hybrid retail and distribution model that would allow private retail distribution of cannabis through dispensaries. The announcement noted that the provincial Liquor Distribution Branch would handle wholesale distribution of cannabis and both public and private retail dispensaries, such as those proposed to be operated by the Company, would be eligible to operate in the Province of British Columbia. A regulatory framework regime in British Columbia is, as of the date of the announcement, still in development; however, on February 5, 2018, the Government of British Columbia announced that, among other matters:

- the rules governing recreational cannabis retail stores will be similar to those currently in place for liquor retail stores;
- public and private retailers will have similar operating rules; and
- recreational cannabis retail stores will not be co-located with any other businesses, such as liquor stores or pharmacies.

On April 26, 2018, the Government of British Columbia introduced Bill C-30, the *Cannabis Control and Licensing Act* (the "**BC Cannabis Act**"), which, along with the proposed Bill C-31, the *Cannabis Distribution Act*, contains the legal framework for recreational cannabis sales in British Columbia. The BC Cannabis Act provides clarity to the proposed retail framework announced by the Government of British Columbia on February 5, 2018. The BC Cannabis Act, among other things:

- sets the minimum age to purchase, sell or consume recreational cannabis in British Columbia as 19;
- stipulates that adults will be allowed to possess up to 30 grams of cannabis in a public space;
- prohibits the use of cannabis on school properties and in vehicles; and
- authorizes adults to grow up to four cannabis plants per household, other than in properties that are used as day-cares, and requires that such plants not be visible from public spaces off the property.

The BC Cannabis Act was passed on May 17, 2018 and subsequently received royal assent on May 31, 2018. As of the date hereof, the Government of British Columbia has yet to release regulations under the BC Cannabis Act. There is no assurance that, once regulations under the BC Cannabis Act are released and enacted, any of the cannabis dispensaries that the Company intends to open in the Province of British Columbia will be permitted to open under such regulations.

### **Saskatchewan**

On January 8, 2018, the Government of Saskatchewan released details of the provinces proposed distribution framework whereby the Saskatchewan Liquor and Gaming Authority would initially licence approximately

60 private cannabis retail applicants in 40 Saskatchewan municipalities and First Nation communities. Private cannabis retailers will only be permitted to sell cannabis, cannabis accessories and ancillary items in standalone storefront operations. In addition to private cannabis retail shops, Saskatchewan will also permit the private sector to provide cannabis at the wholesale level, meaning the private sector will be permitted to source cannabis products from licenced producers and sell to private retailers, such as those proposed to be operated by the Company. On March 14, 2018, the Government of Saskatchewan released its framework for cannabis legalization, provided details regarding its plan for the distribution, sale and use of cannabis in Saskatchewan, and began a lottery selection process for the 51 retail cannabis permits available in the Province of Saskatchewan. Out of the 51 retail cannabis permits granted by the Saskatchewan Liquor and Gaming Authority, no retail cannabis permits were granted to the Company to open a retail cannabis store in Saskatchewan. The Company will continue to pursue retail cannabis opportunities in Saskatchewan via acquisition of existing locations and applying for additional licencing opportunities offered by the Government of Saskatchewan.

## **RISK FACTORS**

There are a number of risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently considers immaterial, may also adversely affect the Company's business. If any of the following risks actually occur, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly. This section discusses factors relating to the business of Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

### ***Dependence on Corporate Culture***

The Company believes that a critical component of its success is its corporate culture, which the Company believes fosters innovation, encourages teamwork, cultivates creativity and promotes focus on execution. The Company has invested substantial time, energy and resources in building a highly collaborative team that works together effectively in an environment designed to promote openness, honesty, mutual respect and pursuit of common goals. As the Company continues to develop the infrastructure of a public company and grow, it may find it difficult to maintain these valuable aspects of its corporate culture. Any failure to preserve the Company's culture could negatively impact its future success, including its ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

### ***Management***

The success of the Company is currently largely dependent on the performance of its executive management team. The loss of the services of these persons will have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its management or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company, its business, and its prospects.

### ***Client Acquisition and Retention***

The Company anticipates continued client acquisition growth at current and future corporate locations. If securing such clients is not possible, the Company, its business, operating results, and financial condition could be materially and adversely affected.

### ***Plans for Growth***

The Company plans to grow rapidly and significantly expand its operation. Future growth will place additional demands on the Company's financial, managerial, and operations resources. If growth is not managed effectively it could have a material adverse effect on the Company's financial condition and results of operations. The Company may be required to manage multiple relationships with various strategic partners, users, advertisers, and other third parties. These requirements will be strained in the event of rapid growth, or a large increase in the number of third party relationships the Company has, as its systems, procedures, or controls may not be adequate to support increased operations. The current lack of financial resources could put a strain on management systems and internal controls. In the event that the Company does obtain additional financing, and if the recent growth in revenue continues, additional personnel and other resources may be required that could put further strain on such management and control. There can be no assurances that the Company will be able to effectively deal with such growth. A failure of management systems or internal controls could have a material adverse effect the Company, its business, operating results, and financial condition.

### ***Global Economic, Political, and Social Conditions***

The Company is subject to global economic, political and social conditions that may cause clients to delay or reduce cannabis consumption due to economic downturns, unemployment, and volatility in the costs of energy and other consumer goods, geopolitical uncertainties, and other macroeconomic factors affecting spending behavior.

The Company faces risks that may arise from financial difficulties experienced by suppliers or customers/clients, including:

- The risk that customers/clients may face financial difficulties or may become insolvent, which could lead to an inability to obtain payment of accounts receivable that those patients may owe;
- The risk that key suppliers may face financial difficulties or may become insolvent, which could lead to disruption of the supply cannabis products; and
- The inability of customers/clients and/or suppliers to obtain credit financing to finance purchases of products and raw materials used to grow or build those products.

Should any of these risks occur, they could have a material adverse effect on the Company and its prospects.

### ***Securing Adequate Financing to Fund Operations and Meet Expected Consumer Demand***

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of NAC may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on 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 favorable to the Company. In addition, from time to time, NAC may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may 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. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no

assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

### ***Development Risks***

Future development of the Company's business may not yield expected returns and may strain management resources. Development of the Company's revenue streams is subject to a number of risks, including construction delays, cost overruns, financing risks, cancellation of key service contracts and changes in government regulations. Overall costs may significantly exceed the costs that were estimated when the project was originally undertaken, which could result in reduced returns, or even losses, from such investments.

### ***Dependence on Skilled Labour***

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 skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

### ***Risks Inherent in the Acquisition of Acquired Companies and Brands***

As part of the Company's overall business strategy, the Company has and may continue to pursue select strategic acquisitions to acquire technologies, businesses, brands or assets that are complementary to its business and/or enter into strategic alliances in order to leverage its position in the cannabis industry. While the Company conducts substantial due diligence in connection with such acquisitions, and plans to continue to do so in the future, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company currently anticipates that its historical acquisitions will be accretive; however, this expectation may materially change. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the acquisitions. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Company's Common Shares.

Future acquisitions may expose the Company to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

### ***Integrating Acquired Companies and Brands***

The success of the acquisition of acquired companies and brands will depend, in part, on the ability of the Company to realize the anticipated benefits and synergies from integrating those companies and brands into the businesses of the Company. The Company may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of acquired companies with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs

of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of acquired companies and brands may also impose substantial demands on the Company's management. There is no assurance that these acquisitions will be successfully integrated in a timely manner. The challenges involved in the Company's integration of acquired companies and brands may include, among other things, the following: (a) the necessity of coordinating both geographically disparate and geographically overlapping organizations; (b) retaining key personnel, including addressing the uncertainties of key employees regarding their future; (c) integrating acquired companies into the Company's accounting system and adjusting the Company's internal control environment to cover the operations of such acquired companies; (d) integration of information technology systems and resources; (e) performance shortfalls relative to expectations at one or both of the businesses as a result of the diversion of management's attention to the integration of such acquired companies; and (f) unplanned costs required to integrate acquired companies with the Company's existing business.

### ***Brand Risks***

The Company's success is reliant on, among other things, the value of the Company's brands, and the failure to preserve their value and relevance could have a negative impact on the Company's results of operations. To be successful in the future, the Company must preserve, enhance and leverage the value of the Company's brands. Brand value is based in part on consumer tastes, preferences and perceptions on a variety of factors. Consumer acceptance of the Company's brands may be influenced by or subject to change for a variety of reasons. For example, adverse publicity associated with the Company's business practices may drive popular opinion against the Company's brands. If the Company is unsuccessful in addressing any such adverse perceptions, the Company's brands and results of operations may suffer.

### ***Reputational Damage to the Company***

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 in regards to 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.

### ***Insurance Coverage***

While the Company will obtain insurance coverage that will address all material risks to which it may be exposed and are adequate and customary in its future operations, such insurance may be subject to coverage limits and exclusions and may not be available for the risks and hazards to which NAC is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, there could be a material adverse effect on the Company's business, financial condition, and results of operation.

***Uninsured or Uninsurable Risk***

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

***Government Regulations, Permits and Licenses***

The Company's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in imposition of fines and penalties. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all governmental laws and regulations. There can be no assurance, however, that all permits which the Company may require for its operations and activities will be obtainable on reasonable terms or on a timely basis or such laws and regulations would not have an adverse effect on the Company's business.

***Legislative or Regulatory Reform and Compliance***

The cannabis industry is a relatively new industry and the Company anticipates that associated regulations will be subject to change. NAC's current or future operations are and will be subject to a variety of laws, regulations, guidelines, and policies relating to the management, labelling, advertising, sale, storage, and disposal of cannabis, as well as laws and regulations relating to the health care industry, drugs, controlled substances, health and safety, labour standards, the conduct of operations, and the protection of the environment. While to the knowledge of management, NAC is currently in compliance with all such laws, any changes to such laws, regulations, guidelines, and policies due to matters beyond the control of NAC may cause adverse effects to its operations.

***Regulatory Risks***

Successful execution of the Company's business is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the operation of its business. The cannabis industry is a relatively new industry and the Company cannot predict the impact of the changes to the compliance regime. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its business, or the extent of documentation that may be required by governmental authorities. The impact of cannabis regulatory compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products, and sales initiatives and could have a material adverse effect on the business, financial condition, and operating results of the Company.

The Company 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, financial condition, and operating results of the Company.

***Regulatory or Agency Proceedings, Investigations, and Audits***

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. NAC may become involved in a number of government or agency proceedings, investigations, and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require NAC to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations, and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, and results of operation.

### ***Provincial Legislation for Licensing and Retailing of Cannabis Varies***

Successful execution of the Company's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities, and obtaining all regulatory approvals, where necessary, for the sale of the Company's products and other products expected to be distributed by 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 proposed operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's proposed operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the proposed business, financial condition and operating results of the Company.

### ***Constraints on Marketing***

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 Canada limits companies' abilities to compete for market share. If the Company is unable to effectively market and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed, the Company's operations could be adversely affected.

### ***Risks of Retail Store Operations***

Growth of the Company's retail network depends, among other things, on the Company's ability to secure desirable locations on terms acceptable to the Company. The Company faces competition for retail locations from its competitors and from operators of other businesses. The success of many retail locations is significantly influenced by location. There can be no assurance that the Company's retail locations will continue to be attractive, or that additional retail storefronts can be located and secured as demographic and traffic patterns change. Also, there is no guarantee that the property leases in respect of prospective retail locations can be established on terms acceptable to the Company, or at all, and that property leases in respect of existing retail locations will be renewed or that suitable alternative locations can be obtained. It is possible that the locations or economic conditions where retail locations are located could decline in the future, resulting in reduced sales in those locations. There is no assurance that future sites will produce the same results as past sites.

### ***Unfavourable Publicity or Consumer Perception***

Management of the Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other

publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the 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 Company's business, results of operations, financial condition and cash flows. 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 and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

### ***Results of Future Research***

Clinical trials, observational studies, and basic research in Canada, the U.S., and internationally regarding the medical benefits, viability, safety, efficacy, dosing, and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remain in early stages. There have been relatively few clinical trials or observational studies on the benefits of cannabis or isolated cannabinoids. Although NAC believes that published articles, reports, and studies support the Company's beliefs regarding the medical benefits, viability, safety, efficacy, dosing, and social acceptance of cannabis, future clinical trials, observational studies, and basic research may prove such statements to be incorrect, or could raise concerns regarding cannabis and perceptions relating to cannabis. Given these risks, uncertainties and assumptions, investors and prospective investors should not place undue reliance on such articles, reports, and studies. Future research studies and clinical trials may draw opposing conclusions to those stated in this AIF or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance, or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

### ***Complications with Research Data***

The research data collected by the Company will be an integral part of its business for the production of research based reports. If there are issues with the data's integrity or security, the data and research based reports could be considered ineffective or unreliable.

### ***Risks Inherent in the Nature of the Health Clinic Industry***

Changes in operating costs (including costs for maintenance and insurance), inability to obtain permits required to conduct the Company's business, changes in health care laws and governmental regulations and various other factors may significantly impact the ability of the Company to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs, and related charges must be made to operate its locations, regardless of whether the Company is generating revenue.

### ***Price Volatility of Publicly Traded Securities***

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not

occur. It may be anticipated that any quoted market for the Common Shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

### ***Market Risk for Securities***

The market price for the Common Shares of the Company could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies, and competitors, as well as overall market movements, may have a significant impact on the market price of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

### ***Securities or Industry Research and Reports***

The trading market for the Common Shares of the Company could be influenced by the research and reports that industry or securities analysts publish about the Company. If one or more of these analysts cease coverage or fail to regularly publish reports, the Company could lose visibility in the financial markets, which in turn could cause the trading price or volume of its Common Shares to decline. Moreover, if one or more of the analysts downgrade the Company or its Common Shares or if the Company's operating results do not meet their expectations, the trading price of the Company's Common Shares could decline.

### ***Litigation***

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Common Shares and could use significant resources. Even if NAC is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

### ***Potential Conflicts of Interest***

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in the industries in which the Company operates, and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company. Conflicts of interest may also arise in the event the Company, its clinics, pharmacies, Cannabinoid Therapy Educators, physicians or other staff are paid an education grant from a Licensed Producer or dispensary that is related to the Company or even as a result of commissions or education grants received from unrelated third parties. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and the internal policies and procedures of the Company.

### ***Legal and Accounting Requirements***

As a publicly-listed company, the Company is subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, the Company's inability to file required periodic reports on a timely basis, loss of market confidence, delisting of its securities and/or governmental or private actions against the Company. There can be no assurance that the

Company will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis privately-held and larger public competitors.

### ***Accounting Policies and Internal Controls***

The Company prepares its financial reports in accordance with International Financial Reporting Standards. In preparation of its financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in this regard.

### ***Risks Related to Dilutions***

The Company may issue additional Common Shares in the future, which may dilute a shareholder's holdings in the Company. 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 options under the Company's stock option plan and upon the exercise of outstanding warrants.

### ***Limited Operating History***

The Company has limited operating history, and is therefore subject to many of the risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

### ***Competition***

There is potential that the Company will face intense competition from numerous independent dispensaries, some of which can be expected to have greater financial resources, market access and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. Because of the preliminary stage of the recreational cannabis market in which the Company operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in location expansions, design, marketing and sales. The Company may not have sufficient resources to maintain location expansions, design, marketing and sales efforts on a competitive basis which could materially and adversely affect the proposed business, financial condition and operating results of the Company.

### ***Fraudulent or Illegal Activity by Employees, Contractors, and Consultants***

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 violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and

regulations; or (iv) laws that require the true, complete, and accurate reporting of financial information or data. It 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 NAC, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on NAC'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.

### ***Information Technology Systems and Cyber Attacks***

The Company's operations will depend, in part, on how well it and its suppliers and service providers 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, destruction, fire, power loss, hacking, computer viruses, vandalism, and theft. The Company's operations will also depend on the timely maintenance, upgrades, 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.

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.

### ***Breaches of Applicable Privacy Laws***

NAC will collect and store personal information about its clients and will be 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 client 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.

In addition, there are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the PIPEDA protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If NAC was found to be in violation of the privacy or security rules under the PIPEDA or other laws protecting the confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation, and have a material adverse effect on the business, results of operations, and financial condition of the Company.

### ***Political and Regulatory Instability***

The Company's prospective operations will be subject to various anticipated laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While the Company intends to comply with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations. The Company may also incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Company's proposed business, financial condition and results of operation. Moreover, the legalization of recreational cannabis in Canada has been politically driven by the Federal Liberal Government, and there is no assurance that other political parties, if elected to government, will not reverse the steps taken by the Liberal Government towards legalization of recreational cannabis or impose more stringent and prohibitive regulatory frameworks. Such actions could have a material adverse effect on the proposed business or financial condition of the Company, or the viability of its prospective business model. Furthermore, future changes in provincial or municipal governments may also result in similar unfavourable changes to laws, regulations and guidelines pertaining to recreational cannabis

### ***Forecast Uncertainties***

NAC will need to 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 retail cannabis industry in Canada. A failure in the demand for its business to materialize as a result of competition, technological change or other factors could have a material adverse effect on the proposed investments, business, results of operations, and financial condition of NAC.

## **DIVIDENDS AND DISTRIBUTIONS**

As of the date of this Annual Information Form, NAC has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be at the discretion of NAC's board of directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law, and other factors that the board of directors may deem relevant.

## **DESCRIPTION OF CAPITAL STRUCTURE**

The company is authorized to issue an unlimited number of Common Shares and preferred shares. As at the date hereof, there were 181,286,953 Common Shares issued and outstanding. No preferred shares are issued and outstanding.

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

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire Common Shares of the Company. The maximum number

of Common Shares reserved for issuance of stock options that may be granted under the plan is 10% of the issued and outstanding Common Shares of the Company. The options granted can be exercised for a maximum of 10 years and vest as determined by the Board of Directors. As of the date hereof, there are 8,126,892 options outstanding to purchase Common Shares.

In addition, as of the date hereof, the Company has warrants outstanding to purchase up to an aggregate of 10,754,162 Common Shares.

The dilutive securities are summarized as follows:

Security Type	# of Common Shares Issuable	Exercise Price (Average) \$	Cash Proceeds if Exercised
Warrants <sup>(1)</sup>	10,754,162	\$0.90	\$9,678,746
Options <sup>(1)</sup>	8,126,892	\$0.39	\$3,169,488

**Note:**

(1) See “Prior Sales”

## MARKET FOR SECURITIES

### Trading Price and Volume

Common Shares are listed and traded on the TSXV under the trading symbol “META”. The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Common Shares for the 24-month period ending August 31, 2018 as quoted on the TSXV:

Period	High Trading Price	Low Trading Price	Volume (#)
August 2018	1.20	0.92	12,873,900
July 2018	1.32	0.93	21,005,800
June 2018	1.00	0.67	9,879,000
May 2018	0.90	0.67	10,356,942
April 2018	1.07	0.80	8,473,900
March 2018	1.18	0.82	13,761,900
February 2018	1.20	0.63	29,544,900
January 2018	1.19	0.49	30,404,500
December 2017	0.70	0.35	18,836,533
November 2017	0.73	0.10	52,002,277
October 2017	0.17	0.14	2,183,394
September 2017	0.31	0.08	4,951,383
August 2017	0.08	0.08	Nil <sup>(1)</sup>
July 2017	0.08	0.08	Nil <sup>(1)</sup>
June 2017	0.08	0.08	Nil <sup>(1)</sup>
May 2017	0.08	0.08	Nil <sup>(1)</sup>
April 2017	0.08	0.08	Nil <sup>(1)</sup>
March 2017	0.11	0.07	87,000
February 2017	0.16	0.10	158,000
January 2017	0.19	0.10	20,000

National Access Cannabis Corp. – Annual Information Form

December 2016	0.10	0.06	3,000
November 2016	0.10	0.10	12,772
October 2016	0.10	0.10	25,000
September 2016	0.13	0.09	223,000

**Note:**

- (1) Trading in the Common Shares was halted from trading on the TSXV from March 29, 2017 to September 8, 2017 under the symbol NAC. On August 30, 2017, Brassneck completed the Share Split and Name Change.

**PRIOR SALES**

The following table summarizes details of the following securities that are not listed or quoted on a marketplace issued by NAC during the period between September 1, 2016 and the date hereof:

Date of issuance	Security	Issuance/Exercise price per security	Number of securities
October 26, 2016	Units	\$0.15	11,454,698 <sup>(1)</sup>
February 7, 2017	Units	\$0.25	300,000 <sup>(2)</sup>
April 11, 2017	Warrants	\$0.20	150,000
July 10, 2017	Agent's Warrants	\$0.25	960,000 <sup>(3)</sup>
January 30, 2018	Units	\$0.55	10,909,091 <sup>(4)</sup>
January 30, 2018	Finder Warrants	\$0.90	353,356 <sup>(5)</sup>
April 11, 2018	Warrants	\$0.91	5,000,000 <sup>(6)</sup>
September 20, 2016	Options	\$0.15	750,000
November 22, 2016	Options	\$0.15	100,000
March 29, 2017	Options	\$0.15	600,000
May 15, 2017	Options	\$0.25	750,000
October 17, 2017	Options	\$0.25	340,000
December 21, 2017	Options	\$0.51	250,000
January 15, 2018	Options	\$0.55	160,000
February 27, 2018	Options	\$0.85	1,435,000
March 19, 2018	Options	\$0.99	150,000
March 20, 2018	Options	\$1.04	100,000
May 7, 2018	Options	\$0.86	600,000
June 4, 2018	Options	\$0.67	75,000
To be determined	Warrants	To be determined	6,000,000 <sup>(7)</sup>

**Notes:**

- (1) Issued in connection with a non-brokered private placement consisting of units at a price of \$0.15 per unit. Each unit was comprised of one special warrant. On May 12, 2017, pursuant to conversion agreements between each special warrant holder and Old NAC, the special warrants were converted into Common Shares of Old NAC on a 1:1 basis. See “*General Development of the Business – National Access Cannabis Corp. (Old NAC)*”
- (2) Issued in connection with a non-brokered private placement consisting of units at a price of \$0.25 per unit. Each unit was comprised of one special warrant. On May 12, 2017, pursuant to conversion agreements between each special warrant holder and Old NAC, the special warrants were converted into Common Shares of Old NAC on a 1:1 basis. See “*General Development of the Business – National Access Cannabis Corp. (Old NAC)*”
- (3) Issued to certain agents in connection with a brokered private placement financing of 24,000,000 subscription receipts of Old NAC for gross proceeds to Old NAC of \$6,000,000. Each agent's warrant entitles the holder thereof to acquire one Common Share at a price of \$0.25 per Common Share until July 10, 2019.
- (4) Issued pursuant to a private placement of units at a price of \$0.55 per unit. Each unit was comprised of one Common Share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one Common Share at a price of \$0.90 per share until January 30, 2020.
- (5) Issued in connection with the private placement of units at a price of \$0.55 per unit. Each finder's warrant entitles the holder thereof to acquire one Common Share at a price of \$0.90 until January 30, 2020.

- (6) Issued in connection with the strategic alliance with Second Cup.
- (7) To be issued to the OCN, or an affiliate thereof, in connection with NAC meeting certain milestone conditions as prescribed pursuant to the terms of a consulting services agreement between NAC and Paskwayak Business Development Corporation, as amended.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

As at the date of this Annual Information Form, to the knowledge of the Company, the following table sets forth the number and percentage of Common Shares held in escrow or that are subject to a contractual restriction on transfer:

Designation of Class	Number of Securities	Percentage of Class
Common Shares	52,738,571 <sup>(1)(2)(3)(4)(5)</sup>	29.09%

### Notes:

- (1) 23,582,000 Common Shares are held in escrow by Odyssey Trust Company pursuant to the terms of an escrow agreement dated September 10, 2018 in connection with the NewLeaf Consideration. See “*General Development of the Business – National Access Cannabis Corp. (the Company)*”.
- (2) 1,554,451 Common Shares are held in escrow by TSX Trust Company pursuant to the terms of a TSXV Form 2F – *CPC Escrow Agreement* dated December 18, 2015 among the Company, TSX Trust Company and certain securityholders of the Company. These Common Shares will be released from escrow in accordance with the escrow release timeline set out in the Escrow Policy, with the final escrow release date being September 7, 2020.
- (3) 26,608,120 Common Shares are held in escrow by TSX Trust Company pursuant to the terms of a TSXV Form 5D – *Value Escrow Agreement* dated August 29, 2017 among the Company, TSX Trust Company and certain securityholders of the Company. These Common Shares will be released from escrow in accordance with escrow release timeline set out in the Escrow Policy, with the final escrow release date being September 7, 2020.
- (4) 109,000 Common Shares are held in escrow by Owen Bird Law Corporation pursuant to the terms of a performance escrow agreement dated May 31, 2017 among the Company, Owen Bird Law Corporation and Peter Phipps. These Common Shares will be released from escrow upon NAC satisfying certain pre-defined performance and sales milestones attributable to the efforts of Mr. Phipps.
- (5) 725,000 Common Shares are held in escrow by Owen Bird Law Corporation pursuant to the terms of a performance escrow agreement dated June 22, 2017 among the Company, Owen Bird Law Corporation and Michael Kenneth Lord. These Common Shares and their release from escrow are the subject of current litigation. The Company has taken the position that these Common Shares are not eligible for release. Pending the result of such litigation, the Company intends to cancel these Common Shares.
- (6) 160,000 Common Shares are held in escrow by Owen Bird Law Corporation pursuant to the terms of a performance escrow agreement dated July 14, 2017 among the Company, Owen Bird Law Corporation and Clinical Cannabinoid Consulting Group Inc. These Common Shares and their release from escrow are the subject of current litigation. The Company has taken the position that these Common Shares are not eligible for release. Pending the result of such litigation, the Company intends to cancel these Common Shares.

## DIRECTORS AND OFFICERS

The following table provides the names of NAC’s current directors and executive officers, the positions held by each of them, and the date of their first appointment.

Rocco Meliambro Ontario, Canada Director since August 30, 2017	Mr. Meliambro has been a self-employed business consultant from 2000 to present. Mr. Meliambro has 20 years of experience in the investment industry as VP and Director for Moss Lawson and Research Capital. He has been independently consulting for businesses and helping them make strategic decisions.
<b>Board Committees</b>	
Audit Committee <sup>(1)</sup>	
<b>Common Shares, Options, and Warrants (as at the date hereof)</b>	
<b>Common Shares</b>	<b>Options</b>
	<b>Warrants</b>

	9,676,860	1,125,000	Nil
Marc Lustig British Columbia, Canada Director since August 30, 2017	Mr. Lustig has served as Chief Executive Officer of CannaRoyalty Corp. since December 5, 2016, Chairman of CannaRoyalty Corp. since July 2018 and a director of CannaRoyalty Corp. since December 5, 2016. Mr. Lustig also serves as a director of GMP Securities L.P., GMP Capital Inc. and 22 Capital Corp. and has been a member of the Advisory Board at Elkhorn Gold Mining Corp. (also known as Tidal Royalty Corp.) since June 25, 2018. Mr. Marc Lustig serves as a director at Planet 13 Holdings Incorporation.		
<b>Board Committees</b>			
Audit Committee <sup>(1)</sup>			
<b>Common Shares, Options, and Warrants (as at the date hereof)</b>			
	<b>Common Shares</b>	<b>Options</b>	<b>Warrants</b>
	500,000	425,000	Nil
Christian Sinclair Manitoba, Canada Director since January 26, 2018	Mr. Sinclair is a member of and has been the Chief of the OCN from 2016 to present. He is also the co-chair of Manitoba's Northern Economic Development Strategy. He was self-employed from 2014 to 2016 and was a director of Cree Construction Business Consultant from 2006 to 2014. Since 2002, he has worked with indigenous groups across Canada and the United States, focused on corporate development for major natural resource projects related to hydro, mining, oil and gas.		
<b>Board Committees</b>			
Audit Committee <sup>(1)</sup>			
<b>Common Shares, Options, and Warrants (as at the date hereof)</b>			
	<b>Common Shares</b>	<b>Options</b>	<b>Warrants</b>
	Nil	125,000	Nil
Felipe Campusano Ontario, Canada Director since May 7, 2018	Over the past 12 years Felipe had accumulated interest in over 50 pharmacies across Canada. He is one of the founding partners and current President of Liver Care Canada, a company that facilitates treatments of all liver diseases.		
<b>Board Committees</b>			
N/A			
<b>Common Shares, Options, and Warrants (as at the date hereof)</b>			
	<b>Common Shares</b>	<b>Options</b>	<b>Warrants</b>
	2,148,936	Nil	Nil
Mark Goliger Ontario, Canada Director since September 10, 2018	Mr. Goliger has been the Chief Executive Officer of NAC since August 30, 2017 and prior thereto, was the Chief Executive Officer of Old NAC since March 25, 2017. Mr. Goliger was the former Chief Operating officer of Qualicare Family Homecare from 2016 to 2017, Mr. Goliger oversaw the expansion of their business units across Canada and the United States. Previous to Qualicare, Mr. Goliger was the Chief Operation Officer of Right at Home Canada from 2012 to 2016.		
<b>Board Committees</b>			
N/A			
<b>Common Shares, Options, and Warrants (as at the date hereof)</b>			
	<b>Common Shares</b>	<b>Options</b>	<b>Warrants</b>
	1,500,000	1,100,000	Nil
Michael Best Ontario, Canada	Mr. Best, CPA CGA, has been the Chief Financial Officer of NAC since August 30, 2017 and prior thereto, was the Chief Financial Officer of Old NAC since October 17, 2016. He		

Chief Financial Officer	was VP and CFO of The Computer Media Group from October 2003 to October 2016 and is a 28-year veteran in accounting and financial management.						
	<b>Board Committees</b>						
	N/A						
	<b>Common Shares, Options, and Warrants (as at the date hereof)</b>						
	<table border="1"> <thead> <tr> <th>Common Shares</th> <th>Options</th> <th>Warrants</th> </tr> </thead> <tbody> <tr> <td>1,000,000</td> <td>850,000</td> <td>Nil</td> </tr> </tbody> </table>	Common Shares	Options	Warrants	1,000,000	850,000	Nil
Common Shares	Options	Warrants					
1,000,000	850,000	Nil					
Christopher Kane Ontario, Canada Chief Operating Officer	Mr. Kane has been the Chief Operating Officer of NAC since December 21, 2017. Mr. Kane was the former Sr. Vice President of Operations and Strategy-Drug Trading, a division of McKesson Canada from 2007 to 2012. Vice President of Category Management/Merchandising Shared Services at McKesson Canada from 2012 to 2014. Prior to that he worked for Sobey's as Vice President of Operations from 2005 to 2007.						
	<b>Board Committees</b>						
	N/A						
	<b>Common Shares, Options, and Warrants (as at the date hereof)</b>						
	<table border="1"> <thead> <tr> <th>Common Shares</th> <th>Options</th> <th>Warrants</th> </tr> </thead> <tbody> <tr> <td>25,000</td> <td>550,000</td> <td>12,500</td> </tr> </tbody> </table>	Common Shares	Options	Warrants	25,000	550,000	12,500
Common Shares	Options	Warrants					
25,000	550,000	12,500					
Derek Ogden Ontario, Canada President	Mr. Ogden was a former RCMP officer in charge of Drug Enforcement and Director General of the Drugs and Organized Crime branch, where he worked with Health Canada and the Departments of Defence and Justice. He was the former Director of Anti-Illicit Trade Program and worked as Director of Security for Imperial Tobacco Canada Ltd. between 2008 and 2013. He was responsible for the security of all personnel and company assets supervising all logistics from the production site in Monterey, Mexico to Canada. Mr. Ogden was responsible for the implementation and auditing of security protocols on an ongoing basis.						
	<b>Board Committees</b>						
	N/A						
	<b>Common Shares, Options, and Warrants (as at the date hereof)</b>						
	<table border="1"> <thead> <tr> <th>Common Shares</th> <th>Options</th> <th>Warrants</th> </tr> </thead> <tbody> <tr> <td>1,410,000</td> <td>900,000</td> <td>Nil</td> </tr> </tbody> </table>	Common Shares	Options	Warrants	1,410,000	900,000	Nil
Common Shares	Options	Warrants					
1,410,000	900,000	Nil					
Matthew Ryan Ontario, Canada Vice President, Marketing	Mr. Ryan was the former lead at Nintendo of Canada for retail & channel marketing as well as communications, marketing gaming experiences to the masses via product-to-market campaigns for the launch of Wii, Wii U, Nintendo 3DS and various software franchises from March 2006 to January 2015. He also led all marketing & communications for Ontario Place events, attractions and activities.						
	<b>Board Committees</b>						
	N/A						
	<b>Common Shares, Options, and Warrants (as at the date hereof)</b>						
	<table border="1"> <thead> <tr> <th>Common Shares</th> <th>Options</th> <th>Warrants</th> </tr> </thead> <tbody> <tr> <td>15,000</td> <td>60,000</td> <td>Nil</td> </tr> </tbody> </table>	Common Shares	Options	Warrants	15,000	60,000	Nil
Common Shares	Options	Warrants					
15,000	60,000	Nil					
Joy Avzar Ontario, Canada Vice President, Legal	Ms. Avzar was appointed VP Legal of the Corporation effective October 29, 2018. Prior thereto, Ms. Avzar held various positions from Royal & Sun Alliance Insurance Company of Canada since September 2010, most recently as Director, Real Estate & Corporate Services						
	<b>Board Committees</b>						
	N/A						

**Common Shares, Options, and Warrants (as at the date hereof)**

<b>Common Shares</b>	<b>Options</b>	<b>Warrants</b>
Nil	15,000	Nil

Michael Saliken  
Alberta, Canada  
Corporate Secretary

Mr. Saliken is a partner at the law firm of Borden Ladner Gervais LLP and has been a lawyer with Borden Ladner Gervais LLP since 2007.

**Board Committees**

N/A

**Common Shares, Options, and Warrants (as at the date hereof)**

<b>Common Shares</b>	<b>Options</b>	<b>Warrants</b>
216,900	151,892	Nil

**Notes:**

- (1) The Company has no standing board committees other than the Audit Committee.
- (2) OCN holds 10,800,000 Common Shares and, either directly or indirectly, conditional rights to 6,000,000 common share purchase warrants of NAC. See “*Prior Sales*”.

As of the date hereof, the current directors and officers of NAC, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 16,492,696 million Common Shares, representing approximately 9.10% of the issued and outstanding Common Shares. The information as to the number of Common Shares beneficially owned, or controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective directors and officers of the Corporation individually.

**Cease Trade Orders, Bankruptcies, Penalties, or Sanctions**

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

- (a) is, as at the date hereof, or has been, within the ten (10) years before the date hereof, a director or executive officer of any corporation that, while that person was acting in such capacity:
  - (i) was subject to a cease trade or similar 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 thirty (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
  - (ii) was subject to a cease trade or similar 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 thirty (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; or
  - (iii) 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 (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to the bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

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

There does not exist any conflicts of interest or potential material conflicts of interest between the Company or a Subsidiary and any director or officer of the Company or of a Subsidiary.

NAC may, from time to time, become involved in transactions in which directors and officers of the Company have a direct interest or influence. The interests of these persons could conflict with those of the Company, and fiduciary duty may be impaired as a result. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of 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.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Other than as disclosed below, there are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, during the most recently completed financial year and there are no such legal proceedings that NAC knows to be contemplated.

NAC and NACM are amongst the seven defendants named by the plaintiff, Auxly Cannabis Group Inc. (“**Auxly**”), in a statement of claim filed with the Ontario Superior Court of Justice. The statement of claim was served on October 5, 2018. Auxly claims against NAC and NACM primarily in inducing breach of contract relating to a term sheet amongst Auxly and co-defendant Care Group of Pharmacies Inc. in which it is alleged that Auxly acquired the exclusive right to supply 40 pharmacies. Auxly has sought declaratory and injunctive relief, unspecified damages for misrepresentation and breach of fiduciary duty and misrepresentation, aggravated or punitive damages in the amount of \$1,000,000, and costs. NAC and NACM have not yet filed their statement of defense.

There were no: (i) penalties or sanctions imposed against NAC by a court relating to securities legislation or by a securities regulatory authority during the financial years ended August 31, 2018 and August 31, 2017; (ii) other penalties or sanctions imposed by a court or regulatory body against NAC that would likely be considered important to a reasonable investor in making an investment decision; and (iii) settlement agreements NAC entered into before a court relating to securities legislation or with a securities regulatory authority during the financial years ended August 31, 2018 and August 31, 2017.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein, none of the directors or executive officers of NAC or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of the Common Shares, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any past transaction or any proposed transaction since incorporation or during the current financial year that has materially affected or is reasonably expected to materially affect NAC.

## TRANSFER AGENT AND REGISTRARS

The transfer agent and registrar of NAC is TSX Trust Company at its offices in Calgary, Alberta.

## MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts that are material to NAC and that were entered into by NAC or one of its Subsidiaries during the financial years ended August 31, 2018 and August 31, 2017 or before the financial year ended August 31, 2017 but which are still material and are still in effect, are the following:

- the Amalgamation Agreement. See “*Corporate Structure – Name, Address and Incorporation*”;
- the agency agreement dated July 10, 2017 between Brassneck, Old NAC, PI Financial Corp., and Canaccord Genuity Corp., in connection with the RTO Private Placement. See “*General Development of the Business – National Access Cannabis Corp. (Old NAC)*”;
- the OCN Loan Agreement. See “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;
- The option agreement dated May 25, 2018 among NewLeaf, certain securityholders of NewLeaf, Jonathan Conquergood, and the Company, as amended by the Option Amending Agreement. See “*General Development of the Business – National Access Cannabis Corp. (the Company)*”; and
- the master investment agreements dated October 26, 2018 with each of the LPs in connection with the LP Financing. See “*General Development of the Business – National Access Cannabis Corp. (the Company)*”.

## INTERESTS OF EXPERTS

MNP LLP is the auditor of NAC and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants, Alberta.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities, and securities authorized for issuance under the Company’s equity compensation plans, as applicable, is contained in the Company’s Management Information Circular for its most recent annual general meeting.

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National Access Cannabis Corp. – Annual Information Form

Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the year ended August 31, 2017, which may be viewed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).