



NATIONAL ACCESS
CANNABIS

NATIONAL ACCESS CANNABIS CORP.

ANNUAL INFORMATION FORM

For the fiscal year ended August 31, 2018

DATED: June 7, 2019

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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;

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

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

“**AGCO**” means the Alcohol and Gaming Commission of Ontario;

“**AGLC**” means the Alberta Gaming, Liquor & Cannabis Commission;

“**Alberta Cannabis Act**” has the meaning ascribed to the term under the heading “*Licences and Regulations – Provincial Regulatory Framework – Alberta*”;

“**Alberta Regulations**” has the meaning ascribed to the term under the heading “*Licences and Regulations – Provincial Regulatory Framework – 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**” means Auxly Cannabis Group Inc.;

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

“**Bill 26**” has the meaning ascribed to the term under the heading “*Licences and Regulations – Provincial Regulatory Framework – Alberta*”;

“**Brassneck**” means Brassneck Capital Corp.;

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

“**Cannabis Act**” or “**Bill C-45**” means Bill C-45: *An Act representing cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Act*, Eliz. II: 64-65-66, now known as the *Cannabis Act*, S.C. 2018, c. 16;

“**Cannabis Regulations**” means the *Cannabis Regulations*, SOR/2018-144;

“**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)*”;

“**CBD**” means the crystalline, nonintoxicating cannabinoid found in cannabis;

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

“**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)*”;

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

“**Convertible Debentures**” 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;

“**CTLS**” has the meaning ascribed to the term under the heading “*Licences and Regulations – Federal Regulatory Framework – Licences, Permits and Authorizations*”;

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

“**December OCN Loan**” 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*;

“**Federal Government**” means the Government of Canada;

“**Federal License Holder**” means the holder of: (i) a cultivation license, a processing license or a medical sales license, or any combination thereof, issued pursuant to the Cannabis Regulations; or (ii) a license that was issued pursuant to Section 35 of the ACMPR and continued;

“**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*”;

“**International Financial Reporting Standards**” or “**IFRS**” means the accounting and financial reporting standards issued by the International Accounting Standards Board (IASB) for the preparation of general purpose financial statements;

“**IT**” means information technology;

“**LCRB**” means the Liquor and Cannabis Regulation Branch (British Columbia)

“**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 – Potential Conflicts of Interest*”;

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

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

“**MBLL**” means the Manitoba Liquor and Lotteries Corporation;

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

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

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

“**MLGA**” means the Liquor, Gaming and Cannabis Authority of Manitoba;

“**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.;

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

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

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

“**NCR**” has the meaning ascribed to the term under the heading “*Licenses and Regulations – Federal Regulatory Framework – Licences, Permits and Authorizations*”;

“**New Leaf Emporium**” means New Leaf Emporium Inc.;

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

“**NewLeaf**” 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)*”;

“**OCS**” means the Ontario Cannabis Store;

“**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;

“**Proposed Regulations**” has the meaning ascribed to the term under the heading “*Licences and Regulations – Federal Regulatory Framework – Cannabis Products*”;

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

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

“**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)*”;

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

“**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)*”;

“**Security Documents**” 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*”;

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

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

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

“**Strategic Agreement**” 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);

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

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

“**TSXV**” means the TSX Venture Exchange; and

“**TSXV Undertaking**” has the meaning ascribed to the term under the heading “*Corporate Structure – Name, Address and Incorporation*”.

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 June 7, 2019 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 June 7, 2019. 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;
- industry growth trends, including with respect to projected sales;
- the second and third tranche of the LP Financing and the timing thereof;
- whether the Company will have sufficient working capital and its ability to raise additional financing required in order to develop its business and continue operations;
- 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 licences 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;
- the grant and the impact of any licence or supplemental licence to conduct activities with cannabis or any amendments thereof;
- whether the Company will continue to be in compliance with regulatory requirements; and
- whether the key personnel will continue their employment with the Company.

Some of the important risks and uncertainties that could affect forward-looking statements are described in this AIF. Should one or more of these risks and uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. With respect to the forward-looking statements contained in this AIF, we have made assumptions regarding, among other things:

- the laws, regulations and guidelines generally applicable to the medical cannabis industry not changing in ways currently unforeseen by the Company;
- the proposed laws, regulations and guidelines generally applicable to the adult-use recreational cannabis industry not changing in ways currently unforeseen by the Company;
- future clinical research studies on the effects of medical cannabis do not lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis;
- the medical cannabis industry and market in Canada will continue to grow, and the Company will be successful in this new industry and market;
- the Company has the ability to compete for market share with other companies, including Licensed Producers, which may have longer operating histories and more financial resources, manufacturing and marketing experience than the Company;
- the Company is able to attract or retain key personnel with sufficient experience in the medical cannabis industry, and has the ability to attract, develop, and retain additional employees required for the Company's development and future success;
- there is adequate cannabis supply available to warrant the Company's expansion plans;
- the Company has been approved by the MLGA to open five additional retail cannabis location in Manitoba pending final inspection;

- the Company will have sufficient working capital and be able to secure additional funding necessary for the continued development of its business interests;
- the Company will successfully integrate acquired businesses and assets;
- the Company will continue to be successful in acquiring assets and investments that strategically fit and at competitive prices; and
- 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).

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 one 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**”).

In connection with the RTO, the TSXV required that the Company deliver an undertaking (the “**TSXV Undertaking**”) confirming that, while listed on the TSXV, the Company will only conduct the business of owning and operating medical clinics that aim to connect Canadians with cannabis producers licensed under the ACMPR in accordance with applicable law, unless prior approval is obtained from TSXV. In accordance with the TSXV Undertaking, in the fall of 2017, the Company received TSXV approval to pursue business opportunities in Canada’s recreational retail cannabis sector.

The head office of the Company is located at Suite 200, 56 Aberfoyle Crescent, Toronto, Ontario M8X 2W4. The registered office of the Company is located at 1900, 520 3rd Avenue SW, Calgary, Alberta, Canada T2P 0R3.

The Common Shares are listed on the TSXV under the trading symbol “META”. The Company is currently a reporting issuer in each of the provinces of Canada other than Quebec.

Intercorporate Relationships

The following chart illustrates, as of June 7, 2019, the Company’s material Subsidiaries, including their respective jurisdiction of incorporation/governing law and the percentage of voting securities beneficially owned, directly or indirectly, by the Company.

Company Name	Ownership interest by NAC	Classification (Subsidiary, associate, other)	Jurisdiction of Incorporation
The Green Company Ltd.	100%	Subsidiary	Alberta
National Access Cannabis (MB Retail) Holdings Corp.	100%	Subsidiary	Alberta

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 licences 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. 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 National Access Cannabis Medical Inc. (“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 12, 2018, NAC and Second Cup established a strategic alliance to develop and operate a network of NAC-branded cannabis retail stores.

Pursuant to a strategic relationship agreement dated April 11, 2018 between Second Cup and NAC (the “**Strategic Agreement**”), the parties have agreed to collaborate on:

- the application by NAC for retail licences across Canada covering certain premises currently occupied by Second Cup coffee franchises (each, an “**SC Store**”);
- the design, layout and development of NAC's retail strategy in respect of applicable SC Stores that are to be converted into cannabis retail locations operated and managed by NAC (each, a “**Converted Store**”);
- the negotiation with Second Cup franchisees and the head landlords in respect of converting applicable SC Stores into cannabis retail locations or cannabis vaping lounges to be co-owned by NAC and Second Cup in equal shares (and potentially the applicable franchisee) and operated by NAC; and
- the conversion of applicable SC Stores into cannabis retail locations or cannabis vaping lounges to be co-owned by NAC and Second Cup in equal shares (and potentially the applicable franchisee) and operated by NAC.

At certain locations NAC will apply for licences 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 SC Store to an NAC-branded recreational cannabis dispensary is conditional on such SC Stores obtaining a retail licence from provincial regulators and the approval of Second Cup and the applicable franchisees and landlords.

Prior to making an application in respect of any SC Store, NAC will obtain the written approval of Second Cup for such application. In addition, NAC has agreed not to have any contact with a head landlord or a franchisee occupying an SC Store without the express prior written consent of Second Cup.

Once Second Cup and NAC have agreed that one or more SC Stores are suitable candidates for conversion, Second Cup has agreed to use its commercially reasonable efforts to cooperate and work collaboratively with NAC in its preparation of applications for retail licences and throughout the review and approval process by applicable municipal and provincial regulatory authorities. NAC will be solely responsible for the management of, and all costs associated with, the application process for retail licences; provided that Second Cup has agreed to reimburse NAC for its pro rata share of all costs associated with the application process for any retail licence granted in respect of an SC Store that is converted into a retail cannabis store. Any cannabis retail store or cannabis vaping lounge opened up at a converted SC Store will be branded and operated by NAC.

Before the sale of any cannabis products can occur in a Converted Store, regulatory approvals at the provincial and municipal level will be required. At the provincial level, the Converted Store will have to be licensed to sell adult-use cannabis. At the municipal level, the Converted Store will have to be permitted to do business in accordance with the applicable federal and provincial laws.

There can be no assurance that (i) Second Cup and NAC will agree on suitable candidates for conversion, or, (ii) having identified specific SC Stores, that NAC will be successful in applying for retail licences for any such SC Store. See *“Risk Factors – The Success of the Strategic Alliance with Second Cup Depends on the Issuance of Retail Licences”*.

In the event the applicable provincial regulatory body grants a retail licence for an SC Store, Second Cup has agreed to use its commercially reasonable efforts to facilitate the commencement of, and support the position of NAC during, commercial discussions among NAC, the head landlord and the franchisee of such SC Store with a view to opening up an NAC-branded retail cannabis store at such location. There can be no assurance that any such discussions will result in the conversion of an SC Store into a retail cannabis store. See *“Risk Factors – Conversion of an SC Store Requires Franchisee and Landlord Approval”*.

Where a SC Store is converted to a retail cannabis store, the franchise agreement governing the SC Store will be terminated and Second Cup, NAC and the former franchisee will enter into an arrangement whereby ownership of the SC Store will be divided (subject to obtaining all required regulatory approvals) among the parties, with (i) the franchisee’s ownership interest ranging from 0-33%, depending upon, among other factors, the quality of the franchise, financial capacity, length of term remaining on the applicable lease, the length of the term remaining under the franchise agreement and the location of the SC Store, and (ii) NAC and Second Cup each owning an equal share in such SC Store. Second Cup and NAC will each own a minimum of 33% of any Converted Store and NAC will have managerial, operational and branding control over the store. Following conversion, the retail cannabis store will sell only cannabis and related products and will no longer operate as a Second Cup café.

NAC will not charge any franchise fee to any Converted Store, and each Converted Store will operate on a management/royalty/marketing fee-free basis, it being understood and agreed that Converted Stores will be charged on a cost basis for the payment of their respective share of any central services provided by NAC to them.

NAC and Second Cup have agreed that all expenses, fees, penalties, obligations and/or costs relating to amending any applicable franchise agreement or lease agreement in order to facilitate the conversion of any mutually agreed SC Store into a cannabis retail location will be shared equally by NAC and Second Cup. All build-out costs associated with the physical conversion of an SC Store into a retail cannabis store will be

shared by the owners of such Converted Store (i.e. Second Cup, NAC and the applicable franchisee) in proportion to their respective ownership interests. The net earnings of a Converted Store will be shared among the owners of such store in accordance with their respective ownership interests.

Pursuant to the Strategic Agreement, NAC will maintain managerial and branding control over any Converted Stores.

The term of the Strategic Agreement will terminate October 17, 2019; provided that either the Company or Second Cup may terminate the Strategic Agreement prior to such date in the event of (i) an uncured material breach by the other party or (ii) the dissolution, liquidation, bankruptcy, insolvency or winding up proceedings are commenced in respect of the other party or upon the nomination of a trustee, sequestrator, liquidator or receiver in respect of the other party, or following the date that any event permitting a trustee, a sequestrator or a receiver to administer the affairs of the other party shall occur.

On May 23, 2018, the Company invested \$400,000 into NAC Bio. NAC Bio is 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 \$600,000 into NAC Bio. NAC currently owns 57% 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 licences 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 had a six-month term and carried an interest rate of 10% per annum. The Company drew down a total of \$25,000,000 pursuant to the terms of the OCN Loan Agreement to fund construction of retail locations across Western Canada as well as for working capital purposes.

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. As of June 7, 2019, 11,794,253 Common Shares and \$2,948,563 of the NewLeaf Consideration remain in escrow.

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 certain Subscription Documents whereby Aphria Inc., CannTrust Inc., VIVO Cannabis Inc. and Zenabis Ltd. (the “LPs”), either directly or indirectly, 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”). No conditions were attached to the initial \$20 million of proceeds received by the Company as part of the first tranche of 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.

On November 23, 2018, the Company issued 21,150 special warrants (the “**Special Warrants**”) at a price of \$1,000 per Special Warrant for gross proceeds of \$21,150,000 (the “**Offering**”). The Special Warrants were issued pursuant to the terms of a special warrant indenture (the “**Special Warrant Indenture**”) dated November 23, 2018 between the Company and TSX Trust Company, as special warrant agent thereunder (“**TSX Trust**”) and an agency agreement dated November 23, 2018 (the “**Agency Agreement**”) among the Company and Cormark Securities Inc., Canaccord Genuity Corp., Beacon Securities Limited, INFOR Financial Inc. and PI Financial Corp., as agents (collectively the “**Agents**”).

Each Special Warrant entitled its holder to receive, upon exercise or deemed exercise, \$1,000 principal amount of 8.0% convertible secured senior debentures of NAC (the “**Convertible Debentures**”) at no additional cost. On January 10, 2019, the Special Warrants were exercised into \$21,150,000 aggregate principal amount of Convertible Debentures pursuant to a convertible debenture indenture dated November 23, 2018 (the “**CD Indenture**”) between the Company and TSX Trust, as trustee thereunder.

The Convertible Debentures are senior secured obligations of NAC and 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. Subject to certain conditions, the Convertible Debentures are convertible, at the holder's option, into Common Shares at the price of \$1.08 per Common Share (the "**Conversion Price**") at any time prior to the close of business on the earlier of: (a) the business day immediately preceding the maturity date, being November 20, 2021; and (b) the date fixed for redemption pursuant to the CD Indenture.

NAC has 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 Convertible 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 Convertible 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.

All of the obligations of the Company under the Convertible Debentures and under the CD Indenture are secured by a general security agreement pursuant to which the Company granted a security interest to TSX Trust as representative of and trustee on behalf of the Convertible Debentures holders on all present and after-acquired property and undertakings of the Company with such collateral to be governed by certain security documents (the "**Security Documents**").

On November 23, 2018, the Company directed \$20,244,830, being the net proceeds of the Offering after deducting the fees and expenses payable to the Agents under the Agency Agreement, to the OCN in partial satisfaction of the Company's indebtedness to the OCN in respect of the OCN Loan Agreement. On November 22, 2018, the Company paid \$6,471,367 to OCN, which, together with the net proceeds of the Offering paid to the OCN on November 23, 2018, satisfied the entirety of the Company's indebtedness under the OCN Loan Agreement in the amount of \$26,716,197, representing \$25,000,000 drawn on the loan plus accrued interest and fees.

On November 30, 2018 the Company acquired all of NAC Alberta Inc.'s minority interest in NAC Northern Alberta GP and NAC Northern Alberta Limited Partnership for the forgiveness of \$192,702 of debt and the issuance of 2,173,913 Common Shares at a price of \$0.69 per Common Share.

On December 14, 2018, the Company announced that it completed a financing transaction whereby the OCN provided the Company with a \$9,000,000 loan (the "**December OCN Loan**"). The December OCN Loan had a term of six months and an interest rate of 8% per annum.

In connection with the OCN's advancement of the December OCN Loan, the Company granted to the OCN 900,000 common share purchase warrants entitling the OCN to acquire, upon exercise thereof, one Common Share at a price of \$1.08 until December 14, 2021.

On January 15, 2019, NAC, through its wholly-owned Subsidiary NAC Prairies Ltd. ("**NAC Prairies**"), entered into a share purchase agreement, whereby NAC Prairies acquired all of the issued and outstanding shares of New Leaf Emporium (the "**New Leaf Emporium Shares**") for \$1.2 million in cash and the issuance of 649,880 Common Shares at a price of \$0.62 per Common Share (the "**Purchase Price**"). The Purchase Price and the New Leaf Emporium Shares were placed into escrow on January 15, 2019 and were released to the former shareholders of New Leaf Emporium on April 26, 2019, upon receipt from the Saskatchewan Liquor and Gaming Authority ("**SLGA**") of approval for NAC to operate the New Leaf Emporium premises in Moose Jaw, Saskatchewan. NAC Prairies owns all of the issued and outstanding shares of New Leaf Emporium as of the date hereof.

On February 26, 2019, in connection with an amended consulting services agreement between NAC and Paskwayak NAC Investment Limited Partnership, NAC granted Paskwayak NAC Investment Limited Partnership 960,000 common share purchase warrants entitling Paskwayak NAC Investment Limited

Partnership to acquire, upon exercise thereof, one Common Share at a price of \$0.70 until August 1, 2019. Pursuant to the consulting services agreement, Paskwayak NAC Investment Limited Partnership has agreed to provide NAC with consulting, lobbying and other services in connection with securing retail locations on indigenous lands. Pursuant to the consulting services agreement, warrants exercisable into 240,000 Common Shares are issued and vest each time that: (i) a standalone retail location on indigenous lands is confirmed with Paskwayak NAC Investment Limited Partnership's assistance; or (ii) a legally binding definitive agreement between NAC and an indigenous group in respect of a retail location on indigenous lands is executed with Paskwayak NAC Investment Limited Partnership's assistance.

On May 7, 2019, NAC provided notice to the registered holders of the Convertible Debentures that, pursuant to the terms of the CD Indenture, the Company elected to satisfy the entirety of its May 31, 2019 interest obligation (the "**Current Interest Obligation**") by the delivery of Common Shares to the registered holders of Convertible Debentures. The Common Shares issued in satisfaction of the Current Interest Obligation were issued at \$0.68 per Common Share, representing a price per Common Share equal to the volume weighted average price for the ten (10) consecutive trading days ending on May 28, 2019.

On May 31, 2019, NAC delivered 1,290,150 Common Shares to the registered holders of Convertible Debentures. No fractional Common Shares were issued in satisfaction of the Current Interest Obligation.

On May 30, 2019, NAC announced that it amended the December OCN Loan by way of an amending agreement dated May 24, 2019. Pursuant to the amending agreement, NAC converted the December OCN Loan into an unsecured open line of credit in the aggregate principal amount of \$9,000,000. As amended, the December OCN Loan matures on December 14, 2019 and is subject to an amended interest rate of 10% per annum beginning June 15, 2019.

Significant Acquisitions

NAC did not complete a significant acquisition during the financial year ended August 31, 2018 for which disclosure is required under National Instrument 51-102 – *Continuous Disclosure Obligations*.

DESCRIPTION OF THE BUSINESS

General

The Company and its subsidiaries are in the business of operating retail locations to sell and distribute cannabis and cannabis related products, effective October 2018 when the Cannabis Act came into force. The Company also operates in the medical cannabis market by providing cannabinoid education and introducing patients to medical cannabis treatments via its national network of physicians and health professionals.

The Company has no current intention of becoming a Federal License Holder and has no current intention to apply for a licence to produce cannabis under the Cannabis Act. In the event the Company becomes a Federal License Holder, conflicts of interest may arise between the Company's current medical clinic business and its future Federal License Holder business. In the context of vertically-integrated companies in the cannabis sector where there may be material relationships or transactions that involve conflicts of interest, whether actual or perceived, the Company will disclose any commissions, incentives, or other fees earned by the Company, its clinics, physicians, or other consultants. The Company will also disclose risks associated with conflicts of interest, including, but not limited to situations where the Company, its clinics, physicians, or other consultants are paid a commission or education grant from a Federal License Holder or dispensary that is related to the Company.

The Company does not engage in any U.S. marijuana-related activities as defined in Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018. To the extent that the Company pursues international expansion, it will only conduct business in jurisdictions outside of Canada where such operations are legally permissible in accordance with the laws of the jurisdiction and applicable Canadian regulatory and stock exchange obligations.

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 continue pursuing adult-use retail licences in provinces that allow for private retailers. The Company is currently operating and constructing additional retail locations to sell cannabis and cannabis related products under its recreational cannabis brands META and NewLeaf 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, and expanding to include Ontario once licensing opens up to more private retailers.

The Company will continue to explore acquisition and partnership opportunities that enhance its brand and profitability and aims to expand the number of cannabis retail locations it operates. The Company's expansion plans are subject to additional financing, appropriate lease arrangements for each potential cannabis retail location and required approvals from the applicable regulatory authorities in each of the Provinces in which the Company plans to open cannabis retail locations. As of June 7, 2019, the Company did not have sufficient cash resources to fund the capital expenditure buildout costs and start-up inventory costs for all planned expansion retail locations, so in order to meet its expansion plans, additional financing will be required. As well, certain regulatory authorities in the provinces in which the Company plans to open cannabis retail locations have limited the number of retail cannabis licences available for issuance which may prohibit the Company from achieving its expansion goals. If the Company is not able to obtain adequate financing, enter into appropriate lease arrangements or obtain applicable regulatory approvals to meet its expansion goals, it will scale back its expansion plans accordingly. There can be no assurance that additional debt or equity financing will be available to meet the Company's requirements or, if available, on favorable terms, and there can be no assurance that the Company will be able to enter into appropriate lease arrangements or receive the applicable regulatory approvals to meet its expansion goals at this time. See "*Licences and Regulations – Provincial Regulatory Framework*", "*Risk Factors – Risks of Retail Store Operation*", "*Risk Factors – Securing Adequate Financing to Fund Operations and Meet Expected Consumer Demand*", "*Risk Factors – Plans for Growth*" and "*Risk Factors – Regulatory Risks*".

The following table outlines, in summary form, the regulatory status of adult use retail cannabis in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, and the business activities of the Company in the respective provinces as of June 7, 2019.

Province	Regulatory Framework	NAC's Retail Activities	Required Authorizations
British Columbia	Retail sale of adult use cannabis in the Province of British Columbia is regulated by the <i>Cannabis Control and Licensing Act</i> and the <i>Cannabis Distribution Act</i> . The <i>Cannabis Licensing Regulation</i> of the <i>Cannabis Control and Licensing Act</i> regulates licensing of adult use cannabis	The Company has applied for seven retail cannabis licences and intends to apply for a total of eight	Municipal government recommendation to the LCRB

Province	Regulatory Framework	NAC's Retail Activities	Required Authorizations
	<p>storefronts. The LCRB issues retail licences both to private and public licensees. Federal licensees may sell cannabis products to the LCRB. The LCRB may sell cannabis products to licensees. The LCRB operates the sole regulated online source of cannabis in British Columbia.</p> <p>The <i>Cannabis Licensing Regulation</i> limits the total number of licences per retailer to eight.</p> <p>The <i>Cannabis Control and Licensing Act</i> limits relationships between federal producers and licensed retailers.</p>	retail cannabis licences.	Retail cannabis licence from the LCRB
Alberta	<p>Retail sale of adult use cannabis in the Province of Alberta is regulated by the <i>Gaming, Liquor and Cannabis Act</i> and the <i>Gaming, Liquor and Cannabis Regulation</i>.</p> <p>AGLC issues retail licences to private entities. Cannabis suppliers may sell cannabis products to the AGLC. The AGLC may sell cannabis products to a holder of a cannabis licence. The AGLC operates the sole regulated online source of cannabis in Alberta.</p> <p>The <i>Gaming, Liquor and Cannabis Regulation</i> limits any one person or group of persons (groups as characterized by the AGLC), to a 15% market share in the Province of Alberta. For example, if 250 licences are granted, one entity could hold a maximum of 37 licences. While 250 licences is not a ceiling for Alberta, with this estimated number of licences, the AGLC has capped the number of licences for one person or group of persons at 37.</p> <p>The <i>Gaming, Liquor and Cannabis Act</i>, the <i>Gaming, Liquor and Cannabis Regulation</i> and the AGLC Cannabis Retail Store Handbook each limit relationships between cannabis suppliers and a holder of a cannabis licence.</p>	<p>The Company has submitted 34 retail cannabis store licence applications to the AGLC and intends to submit three additional applications.</p> <p>15 of the Company's retail cannabis store licence applications have received AGLC approval, all of which are currently operating under the NewLeaf brand.</p>	<p>Municipal development permit</p> <p>Municipal business licence</p> <p>AGLC retail cannabis licence</p>

Province	Regulatory Framework	NAC's Retail Activities	Required Authorizations
Saskatchewan	<p>Retail sale of adult use cannabis in the Province of Saskatchewan is regulated by <i>The Cannabis Control (Saskatchewan) Act</i> and <i>The Cannabis Control (Saskatchewan) Regulations</i>.</p> <p>A lottery process was applied to select 51 entities to apply for retail cannabis permits. The SLGA issues permits to private entities for operating retail cannabis stores and selling cannabis online, for supplying cannabis (which also requires a processing licence under the <i>Cannabis Act</i>) and for commercial distribution of cannabis. Supply permittees may sell cannabis products directly to retail permittees or distribution permittees.</p>	The Company currently operates one retail cannabis location in Moose Jaw, Saskatchewan.	Municipal business licence SGLA retail cannabis permit
Manitoba	<p>Retail sale of adult use cannabis in the Province of Manitoba is regulated by <i>The Liquor, Gaming and Cannabis Control Act</i> and the <i>Cannabis Regulation</i>.</p> <p>The <i>Cannabis Regulation</i> regulates licensing of adult use cannabis storefronts. The MLGA regulates, licences, inspects and audits Manitoba's privately-held adult use cannabis storefronts and online sales platforms. The MBLL administers central order processing and manages distribution to licenced private sector retailers.</p> <p>The province limits any one individual licensee to a maximum of 10 retail cannabis locations. Additional retail cannabis locations may be operated through partnerships with Manitoba First Nations groups.</p>	<p>The Company is currently operating five licensed retail cannabis stores and an additional four licensed retail cannabis stores through partnerships with Manitoba First Nations.</p> <p>The Company plans to open and operate five additional retail cannabis stores in 2019.</p>	Retailer Agreement required per location signed between Proponent and Manitoba Growth, Enterprise and Trade. Occupancy permit required
Ontario	<p>Retail sale of adult use cannabis in the Province of Ontario is regulated by the <i>Cannabis Licence Act, 2018</i> and the <i>General Regulation</i>.</p> <p>The AGCO issues retail operator licences. Licensed Producers may sell cannabis products to the AGCO. The AGCO may sell cannabis products to a holder of a retail</p>	<p>The Company participated in the initial lottery but was not one of the 25 successful applicants.</p> <p>The Company plans to open and operate as many</p>	AGCO retail operator licence Municipal approvals and permits All municipalities within the

Province	Regulatory Framework	NAC's Retail Activities	Required Authorizations
	<p>operator licence. The AGCO issues retail licences to private licensees.</p> <p>The AGCO operates the sole regulated online source of cannabis in Ontario - the OCS. The OCS will also be the exclusive wholesaler of cannabis to holders of retail operator licences.</p> <p>In view of the cannabis shortage, the AGCO initially restricted licensing to 25 applicants who were selected in a lottery process. Retail cannabis stores began to operate in Ontario in April 2019.</p>	<p>stores as the AGCO will permit the Company to operate once licensing for new retailers commences.</p>	<p>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 was January 22, 2019.</p>

Alberta

Alberta regulations do not include a maximum number of cannabis retail licences, however, the province limits any one individual licensee to a 15% market share in the Province of Alberta, at any given time (e.g. if 250 licences are granted, one entity could own a maximum of 37 licences). Additionally, the Province of Alberta is 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 licences available to a licensee will be reviewed in July of 2019.

As a result of the national cannabis supply shortage, on November 23, 2018, the AGLC announced its decision to temporarily suspend accepting applications and issuing any additional cannabis retail licences until further notice.

As the reliability of Alberta's cannabis supply began to improve following the implementation of the AGLC's retail cannabis licensing moratorium, the AGLC temporarily lifted the moratorium to issue 10 additional retail licences in January 2019 and an additional 26 retail licences in April 2019. On April 23, 2019, NAC received approval from the AGLC to open a new store at 130, 5403 Crowchild Trail NW, Calgary, Alberta.

On May 30, 2019, the AGLC lifted the moratorium on accepting new retail cannabis licence applications and issuing new retail cannabis licences. The AGLC expects to issue five retail cannabis licences each week to a queue of approved retailers on a first-in, first-out basis (subject to restrictions preventing any one licensee from controlling more than 15% of the retail cannabis store licences issued in Alberta) to ensure an equitable process for the allocation of licences.

As of the date of this AIF, NAC has submitted 34 retail cannabis store licence applications to the AGLC, with three additional applications to follow. As of the date of this AIF, 15 of the retail cannabis store licence applications submitted to the AGLC have received AGLC approval and are operating under the NewLeaf brand. NAC has also received approval for 35 municipal development permits throughout the Province. Several other development permit applications are still under review by various municipalities. NAC intends to own and operate the maximum number of retail cannabis stores that an entity is legally allowed by the Province of Alberta.

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.

On January 15, 2019, NAC Prairies entered into an agreement to acquire all the issued and outstanding shares of New Leaf Emporium, whereby the New Leaf Emporium Shares were placed into escrow, to be released to the former shareholders of New Leaf Emporium upon the SLGA providing NAC with approval to operate the New Leaf Emporium premises in Moose Jaw, Saskatchewan. On April 26, 2019, the SLGA provided NAC Prairies with approval and NAC Prairies acquired all of the issued and outstanding shares of New Leaf Emporium.

Manitoba

Manitoba has granted four master licences to operate a varying number of 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, NAC was chosen as one of four proponents to operate privately owned retail cannabis stores in the Province of Manitoba during the Province's request for proposals that ran from November 7, 2017 to December 22, 2017. Each of the four proponents were awarded the opportunity to open a total of ten corporate retail cannabis store locations. The Government of Manitoba required that each of the ten corporate locations to be opened by a successful proponent enter into a retail organization agreement (a "**Retail Organization Agreement**") with the Province of Manitoba. Manitoba's Minister of Growth, Enterprise and Trade is the designated signatory for the Retail Organization Agreements. Under the terms of its Retail Organization Agreements with the Manitoba Provincial Government, a proponent is permitted to build, develop and operate retail cannabis stores in approved municipalities in the Province of Manitoba. As the Retail Organization Agreements follow a standard form for each recipients' ten possible corporate retail cannabis stores, NAC refers to its Retail Organization Agreement as the "**Master Retailer Agreement**". The Master Retailer Agreement acts as the binding terms between the Manitoba Government and NAC, however, it is separate and distinct from NAC's provincial cannabis licences. Manitoba retail cannabis licences are issued by MLGA. In order to receive a licence from MLGA, a proponent must first have an executed Retail Organization Agreement in place.

The following is a summary of the key terms of the Master Retailer Agreement:

- no expiry date or specific term – the Master Retailer Agreement can only be terminated for breach and, therefore, does not contain renewal provisions;
- NAC must deliver a \$50,000 letter of credit to the province in connection with each proposed retail cannabis location;
- NAC can sell cannabis purchased through the MBLL;
- NAC must pay for cannabis purchased through the MBLL upon placing the product order;
- each of NAC's retail locations must be open a minimum number of hours per week;

- NAC must remit 6% of revenue from cannabis sales from each retail cannabis store to the Province of Manitoba as a social responsibility fee; and
- each of NAC's ten potential retail cannabis locations must be approved by the MLGA.

Upon obtaining a cannabis retail licence for a particular retail location from the MLGA, NAC is legally permitted to sell cannabis at that particular location. In order for the MLGA to issue a licence, retail stores must have their physical set-up (e.g. security system, cannabis storage and display) and other government approvals (e.g. municipal occupancy permit) in place, in addition to an executed Master Retailer Agreement.

During the Province of Manitoba's first phase of retail cannabis implementation, NAC has contractual rights to open ten recreational stores in various Manitoba municipalities and an additional four stores on First Nations lands for a provincial total of 14 META branded stores. As of the date of this AIF, NAC has four Manitoba stores open in partnership with First Nations on First Nations lands, as well as five additional corporate stores. NAC plans to open a further five retail cannabis stores by the end of 2019.

Each First Nation's store is owned and operated as part of limited partnerships entered into with NAC and various First Nations in December of 2017. 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 has hired indigenous members of the First Nation partners to staff each store location.

British Columbia

As of June 7, 2019, NAC has submitted seven retail cannabis licence applications in the Province of British Columbia. The *Cannabis Licensing Regulation* (British Columbia) limits the total number of licences per retailer to eight. NAC intends to apply for one additional retail cannabis licence in the Province of British Columbia for a total of eight licence applications. There is no assurance that any of the seven applications filed by NAC, or any future applications filed by NAC, will be issued under the *Cannabis Control and Licensing Act* (British Columbia).

Ontario

On November 14, 2018, the Ontario Government released regulations under the *Cannabis Licence Act, 2018* (Ontario) which provide a licensing and regulatory regime for privately-owned and operated cannabis retail stores in Ontario. NAC intends to establish retail operations in Ontario. NAC is closely following developments in Ontario and is evaluating potential retail possibilities and store locations throughout the province. There can be no guarantee that NAC will be granted a retail cannabis operating licence. If granted a licence, or after licensing opens to more participants, there is no guarantee that NAC will be eligible for a retail licence.

Medical Clinics

As of the date of this AIF, NAC operates two clinics in Ontario and one clinic in each of the provinces of British Columbia, Alberta, Saskatchewan and Manitoba, for a total of six clinics.

NAC 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 Federal License Holders and continued follow-up. NAC's clinics act as a referral hub for healthcare providers that wish to refer patients that may benefit from medical cannabis. Patients are then screened further for eligibility.

Across its six clinics, the Company employs a total of 23 cannabis care professionals, including: eight Cannabinoid Therapy Educators, six clinic assistants, five clinic managers and four support staff. In addition, to support its six medical clinics, the Company maintains affiliate relationships with four nurse practitioners and eight physicians.

The clinic staff provide patients with an in-depth education session and provide a liaison service with Federal License Holders that assists patients in selecting appropriate chemotypes/strains of medical cannabis based on the patient's condition and medical needs. Each clinic typically is typically staffed with one to three Cannabinoid Therapy Educators or clinic assistants. Qualifications for Cannabinoid Therapy Educators include nursing designations or other formal healthcare professional training (eg. RPNs, LPNs, RNs, or IMGs). Additional medical cannabis specific training is received from medical staff, Federal License Holders and internal educational resources. NAC's 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 Federal License Holder. Clinic staff prepare the patient's medical file and an affiliated physician or nurse practitioner reviews the file with clinic staff before the patient's consultation. If the consultation with the affiliated physician results in a prescription for medical cannabis, clinic staff work with the patient to help register that patient with a Federal License Holder and to transmit the patient's order. Clinic staff educate the patient on the Federal License Holder's product-indications, side-effects, cost, dosage forms and administration methods. The decision as to which Federal License Holder to select, ultimately rests with the patient.

Potential Conflicts of Interest

The Company has nineteen contracts (“**LP Contracts**”) with Licensed Producers under the ACMPR, including Aphria Inc., CannTrust Inc. and VIVO Cannabis Inc., who have either directly or indirectly invested in the Company (see “*Principal Shareholders*”). The ACMPR has now been replaced by the Cannabis Act. The LP Contracts govern the business relationship between the Company and the Licensed Producer. Pursuant to the LP Contracts, the Company is paid a commission which is paid in cash by cheque or electronic funds transfer. Each of the Licensed Producers provide medical cannabis educational materials to the Company's clinics and clinic staff provides these educational materials to their patients if appropriate, in addition to supplemental education. The educational information specific to an individual Licensed Producer has the Licensed Producer's logo and contact information on it, and may discuss the features of that Licensed Producer's specific cannabis strains. The Company also uses several forms of supplemental education material, some of which is proprietary content created and branded by the Company.

If appropriate, the Company provides assistance with coordinating patient registration with Licensed Producers. Once registered, patients place orders for a cannabis product directly with the Licensed Producers. The Company receives a commission from each Licensed Producer equal to 15%-20% of the retail price paid by the patient for such cannabis product. The commission is paid by the Licensed Producers directly to the Company after each patient has placed an order with the respective Licensed Producer, which is based on the patient registration that the Company previously provided assistance with coordinating. The commissions received by the Company were a primary source of revenue for the Company for the financial year ended August 31, 2018. However, these commissions are not expected to be a significant source of revenue for the Company for the financial year ending August 31, 2019 as revenue from the Company's retail operations are expected to become the primary source of revenue for the Company. The Company has no relationships with any dispensaries or other cannabis distributors and no physician, caregiver or employee of the Company receives any commissions, incentives, or other fees from Licensed Producers.

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

As of June 7, 2019, there is no equity ownership, cross directorship or other relationship which gives rise to conflict of interest issues or related party issues between the Company's clinics and any Licensed Producer, distributor, or dispensary, however, the Company continues to explore new business opportunities.

See "*Risk Factors – Potential Conflicts of Interest*".

Pharmacy Medical Cannabis Management System

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 licence 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 June 7, 2019, NACM has entered into service agreements with 149 pharmacies. 130 of NACM's contracted pharmacies are located in Ontario, 17 are located in British Columbia and one each in Alberta and Saskatchewan. NAC does not directly employ or contract with any caregivers at its partner pharmacies.

NAC'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's clinical research division.

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 Federal License Holders. If pharmacies are provided with a licence to dispense, NACM will generate revenue through the wholesale margin that it earns for supporting the pharmacies in acquiring cannabis medicines from Federal License Holders.

NAC Bio

NAC Bio is a majority controlled Subsidiary of NAC that was founded by NAC and Dr. Tyler Wish for the purpose of providing NAC with a special purpose entity to develop innovative and data-driven solutions to cannabis industry challenges.

NAC Bio has developed the KLOO Data Intelligence Platform, an integrated research and intelligence platform specifically designed collate cannabis industry research and data and to empower the future digital research, innovation and commercialization opportunities within the global cannabis sector.

NAC Bio is led by Dr. Tyler Wish, a trained epidemiologist who holds a PhD (medicine) from Memorial University and a BSc (Chemistry) from the University of Victoria. Prior to NAC Bio, Dr. Wish was the cofounder & chief executive officer of Sequence Bio Inc., a privately-held, venture-backed biotechnology company utilizing the unique population genetics of Newfoundland & Labrador in conjunction with machine learning technologies for drug discovery. Dr. Wish was selected as one of ten Canadian Innovation Leaders by the Honourable Minister Navdeep Bains and is currently on the Board of ACTUA, Canada’s leading non-profit youth STEM outreach organization.

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

Revenue

The following table outlines the revenue for each category of products or services of NAC for the financial year ended August 31, 2018.

	2018	2017
Revenues		
Consultations	-	205,156
Interest revenue	32,621	-
Administrative fees	32,777	57,607
Membership fees	40,922	124,688
Commissions	1,718,628	684,572
Merchandise sales	131,566	120,950
	1,956,514	1,192,973

In 2018, NAC received the majority of its medical cannabis revenues from commissions received from Licenced Producers. However, these commissions are not expected to be a significant source of revenue for NAC for the financial year ending August 31, 2019 as revenue from NAC’s retail operations are expected to become the primary source of revenue for NAC. No physician, caregiver or employee of NAC receives any commissions, incentives, or other fees from Federal License Holders. See “*Risk Factors – Limited Operating History*”.

Competitive Conditions

NAC will face intense competition from other cannabis retailers with national and regional presences, some of which can be expected to have greater financial resources, market access 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 early stage of the 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, IT systems and design, marketing and sales. NAC may not have sufficient resources to maintain location expansion, IT 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.

Fire & Flower

Fire & Flower Inc. (in this section, “**Fire & Flower**”) is a cannabis retailer that aims to provide a contemporary adult use cannabis retail experience. Fire & Flower is expanding across Western Canada and has indicated it

plans to expand into Ontario. Fire & Flower carries a variety of cannabis products and accessories and states that they aim to carry the best cannabis brands.

Nova Cannabis (Alcanna Inc.)

Nova Cannabis (in this section, “**Nova**”) is a cannabis retailer owned by Alcanna Inc. (in this section, “**Alcanna**”), formerly Liquor Stores N.A., a large liquor retailer that operates liquor stores in British Columbia and Alberta. Alcanna operates the Nova banner in Alberta and expects to enter the British Columbia and Ontario markets. Alcanna intends to operate cannabis retail stores with a focus on executing a customer service and education culture.

Choom

Choom Holdings Inc. (in this section, “**Choom**”) is a cannabis retailer intending to operate in British Columbia and Alberta. Choom is also seeking retail locations in Saskatchewan and Manitoba as well as stating their intention of viewing Ontario as a retail expansion opportunity. Choom’s retail brand is inspired by the “Choom Gang” from Honolulu in the 1970s and focuses on creating an atmosphere of chasing good times with good friends.

Spiritleaf

Spiritleaf is the cannabis retail brand of Inner Spirit Holdings, a cannabis company focused on cannabis product brands and cannabis retail. Spiritleaf is operated under a franchise model and previously announced it has granted more than 100 franchise locations in Western Canada. Spiritleaf has stated that it aims to be the most knowledgeable and trusted source of recreational cannabis. Spiritleaf intends to do this in part through the offering of its own branded products.

Tweed Main Street

Tweed Main Street (in this section, “**Tweed**”) is the cannabis retail brand of Canopy Growth Corporation, a large cannabis producer which also owns multiple cannabis product brands. Tweed intends to operate in Alberta, Saskatchewan, Manitoba, and Newfoundland and Labrador. Tweed is considering entering the Ontario market in addition to the other markets. Tweed is focused on an engaging retail experience to build a brand that will drive demand for their products.

Westleaf Inc.

Westleaf Inc. (in this section, “**Westleaf**”) is a vertically integrated cannabis company, with assets owned and under development across cultivation, extraction, processing, manufacturing and wholly owned retail. Westleaf is rolling out a national retail footprint for its retail concept Prairie Records, with stores planned for British Columbia, Alberta, Saskatchewan and potentially Ontario. The retail concept of Westleaf intends to leverage the instinctual tie between recreational cannabis and music and redefine the cannabis purchasing experience. Westleaf has two production facilities under construction and scheduled for completion in 2019.





Canna Cabana

Canna Cabana is a recreational cannabis retailer owned by High Tide, a company which owns cannabis product brands and smoke shops. Canna Cabana has applied for retail cannabis permits in Alberta and intends to apply for retail cannabis licences in British Columbia. Canna Cabana intends to provide a sophisticated, playful, and well-rounded customer experience.








NAC believes that its leadership team, brand strategy, outstanding customer service, high quality accessible community based retail locations and a properly capitalized operation will enable NAC to establish and retain a leadership position in the retail cannabis market. NAC 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
NATIONAL ACCESS CANNABIS MEDICAL & VERTICAL DESIGN 	Canada	1917106	n/a
MCMS	Canada	1917109	n/a
NATIONAL ACCESS CANNABIS MEDICAL INC.	Canada	1899181	n/a
META	Canada	1887058	n/a
NATIONAL ACCESS CANNABIS & DESIGN 	Canada	1723392	
NATIONAL ACCESS CANNABIS	Canada	1723391	990915

National Access Cannabis Corp. – Annual Information Form

META CANNABIS SUPPLY CO. & HORIZONTAL DESIGN 	Canada	1897825	n/a
LET'S TALK ANSWERS	Canada	1723390	990917
META DESIGN 	Canada	1900946	n/a
META CANNABIS SUPPLY CO. & VERTICAL DESIGN 	Canada	1897824	n/a
META & DESIGN 	Canada	1897823	n/a
PORT CANNABIS	Canada	1960157	n/a
PORT CANNABIS CO.*	Canada	1960129	n/a
NATIONAL ACCESS CANNABIS & DESIGN 	Australia	1893092	n/a
NATIONAL ACCESS CANNABIS	Australia	1893091	n/a
META DESIGN 	USA	88/271666	n/a
META DESIGN 	USA	88/202529	n/a
META & DESIGN	USA	88/271642	n/a

National Access Cannabis Corp. – Annual Information Form

			
META SUPPLY CO.	USA	88/271633	n/a
NewLeaf	USA	88/271573	n/a
NewLeaf	USA	88/202586	n/a
META SUPPLY CO. & HORIZONTAL DESIGN 	USA	88/271733	n/a
META SUPPLY CO. & VERTICAL DESIGN 	USA	88/271708	n/a
META DESIGN 	USA	88/202543	n/a
META SUPPLY CO.	USA	88/202579	n/a
META & DESIGN 	USA	88/202570	n/a
NEWLEAF CANNABIS & DESIGN** 	Canada	1883011	n/a
KLOO***	Canada	1946378	n/a
KLOO & DESIGN*** 	Canada	1946379	n/a

See “*Risk Factors – Brand Risks*”.

Employees

As at the date of this AIF, the Company has approximately 350 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 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

NAC’s consumer marketing strategy is to create brand awareness in the emerging Canadian recreational retail cannabis industry, for various retail brands including Meta Cannabis Supply Co.TM, NewLeaf CannabisTM and other brands (which may be developed and announced at a later date). NAC impacts 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

NAC markets to patients for their medical cannabis consultation clinics and pharmacy network, as well as to physicians and pharmacists under the medical brand National Access Cannabis MedicalTM. NACM focuses on marketing materials and campaigns that are based on patient or physician/pharmacist education including: information about Licensed Producers and patient care, as well as safe and responsible access to legal medical cannabis.

Marketing Mix

NAC’s marketing mix focusses on legal and compliant campaigns through retail marketing in stores and clinics/pharmacies, digital marketing (brand websites, social media and newsletters), advertising (various compliant channels) and earned media (public relations).

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

LICENCES 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 publicly-operated retail and online sales. Manitoba, Saskatchewan and Newfoundland & Labrador have opted for private sector retail and online sales. Ontario, Alberta and British Columbia have implemented hybrid approaches of public online sales and private retail sales (in addition to public retail sales in British Columbia).

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 adult use retail locations.

Federal Regulatory Framework

On April 13, 2017 the Federal Government released Bill C-45. On November 27, 2017, the House of Commons passed Bill C-45, and on June 19, 2018, Bill C-45 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 the Cannabis Regulations under the Cannabis Act. The Cannabis Regulations include details related to cultivation, processing, packaging, labelling, distribution, sale, importation and exportation of cannabis and cannabis products. Provincial legislation regulates storefront and online sales of regulated cannabis products. See "*Risk Factors*". Some aspects of the Cannabis Act and Cannabis Regulations are summarized below.

Licences, Permits and Authorizations

The Cannabis Regulations provide that all licences issued under the Cannabis Act would be valid for a period of no more than five years. The Cannabis Regulations allow for outdoor and indoor commercial cultivation of cannabis. The Cannabis Regulations provide a licensing and permitting framework for cultivation, processing, packaging, labelling, distribution and sale of cannabis and cannabis products. The Minister of Health has introduced the Cannabis Tracking and Licensing System ("CTLS") to facilitate the federal licensing process.

Licences issued under the repealed ACMPR of the CDSA that were in force immediately before the Cannabis Act came into force are deemed to be licences issued under the corresponding provisions of the Cannabis Regulations and any such licences will continue in force until revoked or the expiration date is reached. For example, in the general course, a licence for production and sale of dried marihuana and cannabis oil under the ACMPR was grandfathered into a standard cultivation licence, a standard processing licence and a sales licence for medical purposes under the Cannabis Regulations.

Similarly, the Cannabis Act generally provides that licences pertaining to cannabis issued under the *Narcotic Control Regulations* (Canada) ("NCR") of the CDSA that were in force immediately before the Cannabis Act came into force are deemed to be licences issued under corresponding provisions of the Cannabis Act that are appropriate for the particular NCR licence, and any such licences will continue in force until revoked or until they expire. For example, a licence issued under the NCR authorizing cultivation of cannabis for scientific purposes shall be a research licence under the Cannabis Act.

Security Clearances

The Cannabis Regulations require that certain individuals hold security clearances, including all individuals occupying key positions, individuals, such as shareholders, that have direct control over a Federal Licence Holder, and the officers and directors of any corporation having direct control over a Federal Licence Holder. In a notable departure from the ACMPR, officers and directors of a parent corporation must be security cleared. Security clearances issued under the ACMPR or the NCR are grandfathered into security clearances under the Cannabis Regulations by the Cannabis Act. The Cannabis Regulations provided a three-month grace period for Federal Licence Holders to identify those individuals who require security clearances and to apply for such security clearances (i.e., until January 17, 2019). On November 7, 2018, Health Canada issued a notice that the same grace period would be extended to applicants for an ACMPR licence who were passed security clearance on October 17, 2018.

Cannabis Tracking System

Under the Cannabis Act, the Minister of Health is authorized to establish and maintain a national cannabis tracking system. The purpose of this system is to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the illicit market. The Cannabis Regulations provide the Minister of Health with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister. In addition to providing a portal for licensing, the CTLS allows federal licensees to track cannabis. Federal Licence Holders are required to use the CTLS to submit monthly reports to the Minister of Health, among other things.

Cannabis Products

The Cannabis Act and the Cannabis Regulations regulated for sale dried cannabis, cannabis oil, fresh cannabis, cannabis plants and cannabis seeds. Edibles containing cannabis, cannabis concentrates and cannabis topicals are not currently regulated for sale. On December 20, 2018, the Federal Government published *Proposed Regulations Amending the Cannabis Regulations (New Classes of Cannabis) and Proposed Order Amending Schedules 3 and 4 to the Cannabis Act* (the “**Proposed Regulations**”).

The purposes of the Cannabis Act includes providing for the licit production of cannabis to reduce illicit activities in relation to cannabis and providing access to a quality-controlled supply of cannabis. Product diversification will help the regulated market displace the illicit market. Additional dosage forms of cannabis made possible by the Cannabis Regulations relative to the ACMPR include pre-rolls and vaporization cartridges manufactured with dried cannabis. The Proposed Regulations will expand the classes of cannabis to include edibles containing cannabis, cannabis extracts and cannabis topicals. Under the Proposed Regulations, cannabis oil and cannabis concentrates are proposed to be regulated together as cannabis extracts, as both are products that are produced using extraction processing methods or by synthesizing phytocannabinoids. Cannabis extracts under the Proposed Regulations are described as a separate class from cannabis edibles and cannabis topicals.

Packaging and Labelling

The Cannabis Regulations require plain packaging for cannabis products, including strict requirements for logos, colours and branding. The Cannabis Regulations require mandatory health warnings, standardized cannabis symbol and specific product information. Cannabis package labels must include specific information, such as: (i) product source information, including the class of cannabis and the name, phone number and email of the processor; (ii) a mandatory health warning, rotating between Health Canada’s list of standard health warnings; (iii) the Health Canada standardized cannabis symbol (other than for products with less than 0.3% w/w THC); and (iv) THC and CBD content. The Cannabis Regulations provide a six-month transitional period to allow licensed holders to sell cannabis products labelled in accordance with the ACMPR, into medical sales channels only and not adult use sales channels. These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption.

Promotional Activity and Inducements

The Cannabis Act restricts the promotion of cannabis products and inducements related to cannabis, cannabis accessories and services related to cannabis.

Subject to a few exceptions, all promotions of cannabis, cannabis accessories and services related to cannabis are prohibited unless authorized by the Cannabis Act. Exceptions to the general prohibition on promotion are

provided for information and brand preference promotions only. These exceptions are only available in certain contexts, such as age-gated websites and opt-in email newsletters. Content is also restricted to avoid content that could reasonably be viewed as appealing to young people, that communicates price or availability, or that could evoke positive or negative emotions. Endorsements, testimonials, and sponsorships of events or organizations are also prohibited regardless of the context. The definition of “promotion” is tied to activity that is intended to promote sale of cannabis, cannabis accessories or services related to cannabis.

The Cannabis Act prohibits inducements, including providing cannabis, cannabis accessories or services related to cannabis free of charge or as compensation for purchasing another product or service. Similarly, products or services that are not cannabis may not be offered in exchange for purchasing cannabis.

Cannabis for Medical Purposes

On October 17, 2018, medical cannabis access was moved from the ACMPR and the CDSA to the Cannabis Regulations and the Cannabis Act. The medical cannabis regulatory framework under the Cannabis Regulations remains substantively the same as it previously existed under the ACMPR, with some changes to make licensing of cultivation and processing uniform as between cannabis for adult use and medical sales, and improve patient access (see Part 14 of the Cannabis Regulations).

Sale of medical cannabis remains federally regulated and in each case, sales can only be made by a Federal Licence Holder that holds a licence to sell under the Cannabis Regulations to clients that have registered a medical document with the licensed entity. Medical documents are effective for up to a year and allow an individual to register as a client to order from the federal licensee online or via telephone. Medical cannabis is shipped directly to the client. The amount an individual can order from a federal licensee is determined by a daily quantity defined in a medical document. Alternatively, individuals may file their medical document with Health Canada and obtain a registration certification to cultivate and process their own cannabis for personal medical use.

A licence to sell is not required to sell between federally licensed entities, such as between licensed cultivators and processors, or provincial liquor authorities in the adult use market (or directly to retail permittees in Saskatchewan).

Provincial Regulatory Framework

The Cannabis Regulations regulate commercial production, packaging, labelling and other upstream aspects of cannabis and cannabis accessories. The Cannabis Act provides the basis for the Cannabis Regulations and also restricts promotional activity and inducements related to cannabis, cannabis accessories and services related to cannabis. The Cannabis Act allows the provinces and territories of Canada to regulate sale of cannabis. In addition, the provinces have constitutional authority to regulate other aspects of cannabis and cannabis use, as is the case for liquor and tobacco. Sale and distribution, minimum age requirements, restrictions on promotional activity beyond those of the Cannabis Act, locations where cannabis can be consumed, and a range of other matters are regulated differently by the provinces and territories. The governments of every Canadian province and territory have, to varying degrees, implemented regulatory regimes for the distribution and sale of cannabis for adult use purposes within their respective jurisdictions.

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 adult use cannabis, adding further uncertainty and risk to the Company’s cannabis retail model. Municipal by-laws may restrict the number of adult use 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 oversight of retail sales of adult use cannabis in Ontario, upon the legalization of adult use 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 adult use cannabis by October 17, 2018.

On August 31, 2018, the Government of Ontario changed course on its original plans by announcing a hybrid system to allow adult use cannabis to be sold in private retail stores while the province administers online sales. On September 27, 2018, the Government of Ontario introduced Bill 36 to amend the *Cannabis Act, 2017*, including a name change to the *Cannabis Control Act, 2017* and to introduce the *Cannabis Licence Act, 2018*. Related amendments to other acts were also included, including the *Ontario Cannabis Retail Corporation Act, 2017*, the *Liquor Control Act, Smoke-Free Ontario Act, 2017* and the *Highway Traffic Act*.

On November 14, 2018, the Government of Ontario released the *General Regulation* under the *Cannabis Licence Act, 2018*. The *General Regulation* provides a licensing and regulatory regime for privately-owned and operated cannabis retail stores in Ontario, however, until April 1, 2019, adult use purchases may only be completed online through the OCS website operated by the AGCO.

On December 13, 2018, the Government of Ontario announced that, given the shortage of legal cannabis supply from Federal Licence Holders, the government will allow private cannabis retail stores to open in phases, by providing authority for the AGCO to license up to 25 stores in the initial phase. Pursuant to the *General Regulation*, the AGCO, under the supervision of a third-party fairness monitor, implemented a lottery system to determine eligibility for the initial retail licences in Ontario. Interested parties were permitted to submit an expression of interest form online to the AGCO from January 7 to January 9, 2019. Expressions of interest were put into a lottery pool for a draw. The AGCO conducted a draw on January 11, 2019, with the results posted on the AGCO's website thereafter.

According to the Government of Ontario, the AGCO Expression of Interest Lottery covers a period of time from January 2, 2019, when the Expression of Interest Lottery Rules were published, to December 13, 2019, when the *General Regulation* will be amended. This period of time is referred to as the "Lottery Process" and is the timeframe established by the government for the temporary cap of 25 retail store authorizations while cannabis supply stabilizes.

The OCS is currently the only legal retailer of adult use cannabis in the province and will remain the only legal online provider of adult use cannabis under the new framework. The OCS will also be the exclusive wholesaler of cannabis to private retail stores. All municipalities within the province were provided with a one-time option to opt out to restrict licensing to retail stores in their municipality by January 22, 2019.

Manitoba

On December 5, 2017, the Government of Manitoba introduced its framework for recreational cannabis sales in the province. The retail sale of adult use cannabis in the Province of Manitoba is regulated by *The Liquor, Gaming and Cannabis Control Act* and the *Cannabis Regulation*. *The Liquor, Gaming and Cannabis Control Act* and the *Cannabis Regulation* allow retail distribution of cannabis in Manitoba through privately owned storefronts and e-commerce sites. The *Cannabis Regulation* regulates licensing of adult use cannabis storefronts. All cannabis sold in Manitoba retail stores must be purchased from the MBLL, which sources

product from Federal Licence Holders. Provincial regulation of wholesaling, distribution and retail in Manitoba is controlled through the MLGA.

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 adult use cannabis sales in Alberta. Bill 26 amended 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 licence 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 licences issued in Alberta and no group of licensees can control more than 15% of the retail cannabis store licences in Alberta where, in the opinion of the AGLC, the retail cannabis store licences 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; and
- transfers of retail cannabis store licences are prohibited, and any change in ownership of a retail cannabis store business must be preapproved by the AGLC.

As a result of the national cannabis supply shortage, on November 23, 2018, the AGLC announced its decision to temporarily suspend accepting applications and issuing any additional cannabis retail licences until further notice.

As the reliability of Alberta's cannabis supply began to improve following the implementation of the AGLC's retail cannabis licensing moratorium, the AGLC temporarily lifted the moratorium to issue 10 additional retail licences in January 2019 and an additional 26 retail licences in April 2019.

On May 30, 2019, the AGLC lifted the moratorium on accepting new retail cannabis licence applications and issuing new retail cannabis licences. The AGLC expects to issue five retail cannabis licences each week to a queue of approved retailers on a first-in, first-out basis (subject to restrictions preventing any one licensee from controlling more than 15% of the retail cannabis store licences issued in Alberta) to ensure an equitable process for the allocation of licences.

British Columbia

British Columbia has a hybrid retail and distribution model that would allow private retail distribution of cannabis through storefronts, with public distribution of cannabis through an online platform and storefronts. The *Cannabis Control and Licensing Act* and the *Cannabis Licensing Regulation* regulate private storefronts. The *Cannabis Control and Licensing Act* includes provisions to limit relationships between federal producers and licensed retailers by preventing licensing of entities that in the opinion of the LCRB are likely to favour the products one federal producer to the exclusion of another, or who is likely to promote sale of the federal producer's products because of a connection to the federal producer. These provisions have no history of enforcement and it is unclear how the LCRB will make a subjective determination about connections between federal producers and licensed retailers.

On April 26, 2018, the Government of British Columbia introduced Bill C-30, the *Cannabis Control and Licensing Act* and Bill C-31, the *Cannabis Distribution Act*, which along with the *Cannabis Licensing Regulation* provide the legal framework for adult use cannabis sales in British Columbia. The *Cannabis Control and Licensing Act* and the *Cannabis Licensing Regulation*, among other things:

- establish rules governing cannabis retail stores similar in some respects to rules currently in place for liquor retail stores;
- allow public and private retailers to have similar operating rules;
- prohibit co-location of cannabis retail stores with any other businesses, such as liquor stores or pharmacies.
- set the minimum age to purchase, sell or consume adult use cannabis in British Columbia as 19;
- stipulate that adults will be allowed to possess up to 30 grams of cannabis in a public space;
- prohibit the use of cannabis on school properties and in vehicles;
- prohibit promotion of cannabis without a licence to promote cannabis; and
- authorize 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 *Cannabis Control and Licensing Act* was passed on May 17, 2018 and subsequently received royal assent on May 31, 2018. The *Cannabis Control and Licensing Act* came into effect alongside the *Cannabis Licensing Regulation* on October 17, 2018. The *Cannabis Licensing Regulation* limits the total number of licences per retailer to eight.

Saskatchewan

On January 8, 2018, the Government of Saskatchewan released details of the provinces proposed distribution framework whereby the SLGA would initially licence approximately 60 private cannabis retail applicants in 40 Saskatchewan municipalities and First Nation communities. *The Cannabis Control (Saskatchewan) Act* and *The Cannabis Control (Saskatchewan) Regulations* allow private cannabis retailers to sell cannabis, cannabis accessories and ancillary items in standalone storefront operations and deliver province-wide. In addition to private cannabis retail shops, *The Cannabis Control (Saskatchewan) Act* and *The Cannabis Control (Saskatchewan) Regulations* allow private sector to provide cannabis at the wholesale level, meaning the private sector will be permitted to source cannabis products from Federal Licence Holders and sell to private retailers, such as those 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. There has been no firm guidance as to when new retail applications will be accepted. Saskatchewan permits the sale of an existing business which holds a permit for the sale of cannabis; however, the purchaser must apply and qualify for a permit before the transfer may take place.

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 the 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.

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 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.

Government Regulations, Permits and Licences

The Company's operations are 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 new industry and the Company anticipates that associated regulations will be subject to change. The Company'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, the Company is currently in compliance with all such laws, any changes to such laws, regulations, guidelines, and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

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. The Company 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 the Company 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 Licencing 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 cannabis 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.

Political and Regulatory Instability

The Company's operations are 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 Federal 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 business or financial condition of the Company, or the viability of its 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.

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, advertisers, and other third parties. These requirements may 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 on the Company, its business, operating results, and financial condition.

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. Depending on its ability to achieve its goals, the Company may need to raise further equity and/or debt financing to fund the completion of its expansion plans, including the build-out of new recreational cannabis stores, and the expansion of its client base. 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. The success and the pricing of any such equity and/or debt financing will be dependent upon the prevailing market conditions at that time. 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. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders' interests in the Company. 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.

If the Company requires additional capital and is unable to obtain it, there may be a possibility that it will not be able to complete the full deployment of its solutions and the full implementation of its business plan, which would have a materially adverse effect on its business, operating results and financial condition.

Liquidity Risk and Negative Cash Flow

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company reported negative cash flow from operating activities for the financial year ended August 31, 2018 and the Company has historically reported negative cash flow from operating activities for prior fiscal years. As a result of its negative cash flow, the Company continues to rely on the issuance of securities or other sources of financing to generate sufficient funds to fund its working capital requirements and for corporate expenditures. The Company may continue to have negative cash flow from operating activities until sufficient levels of sales are achieved. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of proceeds from any offering to fund such negative cash flow.

Market for Securities

There is currently no market through which the securities of the Company (other than the Common Shares and the Convertible Debentures, although the Convertible Debentures are not actively trading) may be sold. This may affect the pricing of the securities of the Company in the secondary market, the transparency and availability of trading prices, the liquidity of such securities and the extent of issuer regulation. There can be no assurance that an active trading market of securities of the Company, other than the Common Shares, will develop or, if developed, that any such market will be sustained.

A positive return in an investment in the Securities is not guaranteed

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

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, upon the exercise of outstanding warrants and upon the conversion of the Convertible Debentures.

Market Price of Securities

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors included macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also likely to be affected by the Company's financial condition or results

of operations as reflected in its financial statements. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include, but are not limited to, the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Securities or Industry Research and Reports

The trading market for the Common Shares 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 shares to decline. Moreover, if one or more of the analysts downgrade the Company or its shares or if the Company's operating results do not meet their expectations, the trading price of the Common Shares could decline.

Inability to Satisfy Payments

The Convertible Debentures mature in 2021. There is no guarantee that the Company will have sufficient cash available to make interest payments or repay the principal outstanding on the Convertible Debentures on a timely basis or at all.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Convertible Debentures. Assuming all other factors remain unchanged, the market value of the Convertible Debentures will decline as prevailing yields for similar securities rise, and will likely increase as prevailing yields for similar securities decline.

Absence of Covenant Protection

The CD Indenture does not restrict the Company from incurring additional indebtedness for borrowed money or other obligations or liabilities or mortgaging, pledging or charging its properties to secure any indebtedness or obligations or liabilities, subject to such indebtedness being subordinate in ranking to the security interest created by the Security Documents, subject only to certain permitted encumbrances.

Redeeming on a Change of Control

Within thirty (30) days following the occurrence of a change of control of the Company, the Company shall be obligated to offer to purchase all of the Convertible Debentures then outstanding. However, it is possible that following a change of control of the Company, the Company will not have sufficient funds at that time to make the required purchase of outstanding Convertible Debentures. The Company's failure to purchase the Convertible Debentures would constitute an event of default under the CD Indenture, which might constitute a default under the terms of the Company's other indebtedness, if any, at that time.

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.

Cannabis Supply Shortage

As a result of the national cannabis supply shortage, on November 23, 2018, the Alberta Gaming, Liquor & Cannabis Commission (the "AGLC") in Alberta announced its decision to temporarily suspend accepting applications and issuing any additional cannabis retail licences until further notice. As the reliability of Alberta's cannabis supply began to improve following the implementation of the AGLC's retail cannabis licensing moratorium, the AGLC temporarily lifted the moratorium to issue 10 additional retail licences in January 2019 and an additional 26 retail licences in April 2019. On May 30, 2019 the AGLC lifted the moratorium on accepting new retail cannabis licence applications and issuing new retail cannabis licences. The AGLC expects to issue five retail cannabis licences each week to a queue of approved retailers on a first-in, first-out basis to ensure an equitable process for the allocation of licences.

Supply shortages may significantly impact the Company's licenced retail cannabis locations ability to procure sufficient cannabis product. Prolonged shortages may significantly impact revenues and operating margins.

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 marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the 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 business, financial condition and operating results of the Company.

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.

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.

Customer Acquisition and Retention

The Company anticipates continued customer growth at current and future retail cannabis store locations. If securing such customers is not possible, the Company, its business, operating results, and financial condition could be materially and adversely affected.

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 Suppliers and 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 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; or (e) the expenses of acquisitions.

The Success of the Strategic Alliance with Second Cup Depends on the Issuance of Retail Licences

The likelihood of success, and relative materiality, of the Company's strategic alliance with Second Cup depends on the issuance of retail licenses for SC Stores. If NAC is unable to obtain retail licences for SC Stores in Alberta and the other provinces that permit the retail sale of cannabis, it may have a material adverse effect on the success of the Company's strategic alliance with Second Cup, as well as the materiality of this relationship in respect of the Company's retail cannabis business.

Conversion of an SC Store Requires Franchisee and Landlord Approval

If NAC is successful in obtaining a retail licence for a SC Store, NAC and Second Cup will need to reach terms with the franchisee and head landlord of such SC Store prior to commencing conversion of the location to a retail cannabis store. If the Company is unable to reach an agreement with the franchisee and head landlord on the terms of converting an existing SC Store into a retail cannabis store, the conversion may not take place, which may affect the Company's ability to carry out its strategic alliance with respect to converting SC Stores into retail cannabis stores.

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 IT 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.

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 may 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.

Intellectual Property Risks

The Company may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The Company will rely on this intellectual property, know-how and other proprietary information, and require certain employees, consultants and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Company's business, results of operations or prospects.

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 the Company 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.

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, including:

- the risk that key suppliers may face financial difficulties or may become insolvent, which could lead to disruption of the supply of cannabis products; and
- the inability of 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, its business and its prospects.

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 the Company 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 the 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 NAC Bio Inc.'s 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 medical cannabis business, changes in health care laws and governmental regulations and various other factors may significantly impact the ability of the Company to generate revenues from its medical cannabis business. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs, and related charges must be made to conduct its medical cannabis business, regardless of whether the Company is generating revenue.

Risk Inherent in the Pharmacy Distribution of Cannabis

The long-term future viability of NAC's pharmacy program is dependent on pharmacies being able to dispense cannabis. NAC can still prosper with pharmacies through a virtual patient support program aligned with pharmacies as a marketing channel, but the revenue and gross margin will be impacted. Whether pharmacies can dispense in the future will be dependent on changes to Health Canada policies and Provincial regulatory approval. It is unknown when these changes may occur in the future.

U.S. Border Officials Could Deny Entry into the U.S. to Employees of, or Investors in, Companies with Cannabis Operations in the United States and Canada

Since cannabis remains illegal under U.S. federal law, those employed at or investing in legal and licenced Canadian cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with cannabis businesses. Entry happens at the sole discretion of the U.S. Customs and Border Protection officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The Government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. In addition, business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for U.S. border guards to deny entry. On September 21, 2018, U.S. Customs and Border Protection stated that Canada's legalization of cannabis will not change U.S. Customs and Border Protection enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal or Canada may affect admissibility to the U.S. As described above, on October 9, 2018, U.S. Customs and Border Protection released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. The U.S. Customs and Border Protection stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the U.S. for reasons unrelated to the cannabis industry will generally be admissible to the U.S.; however, if such person is found to be coming into the U.S. for reasons related to the cannabis industry, such person may be deemed inadmissible.

Dividends

The Company has not paid dividends on its shares since incorporation and does not anticipate paying any dividends on the Common Shares in the foreseeable future.

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 the Company 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 commissions received from a licenced producer or dispensary that is related to the Company or even as a result of commissions 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.

The Company has nineteen LP Contracts. See "*Summary Description of Business – Description of the Business of the Company – Potential Conflicts of Interest*" in the AIF. Certain of these LP Contracts are with shareholders of the Company, including those listed under "*Principal Shareholders*". The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company, directly or indirectly, for available investment and/or business opportunities. There is no assurance that such persons will act in a manner that is not adverse the Company in such cases.

In addition, although the Company has no current intention of becoming a licenced producer and has no current intention to apply for a licence to produce cannabis under the *Cannabis Act* (Canada), in the event the Company becomes a licenced producer, conflicts of interest may arise between the Company's current medical clinic business and its future licenced producer business. In the context of vertically-integrated companies in the cannabis sector where there may be material relationships or transactions that involve conflicts of interest, whether actual or perceived, the Company will disclose any commissions, incentives, or other fees earned by the Company, its clinics, physicians, or other consultants. The Company will also disclose risks associated with conflicts of interest, including but not limited to situations where the Company, its clinics, physicians, or other consultants are paid a commissions from a licenced producer or dispensary that is related to 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.

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.

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 the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal, and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits, and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition, and results of operations.

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

The Company 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, IT 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 *Personal Information Protection and Electronic Documents Act* (Canada) ("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 the Company 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.

Forecast Uncertainties

The Company 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 the Company.

DIVIDENDS AND DISTRIBUTIONS

As of the date of this AIF, NAC had no 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 of June 7, 2019, there were 188,390,896 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 June 7, 2019, there were 6,761,892 options outstanding to purchase Common Shares.

In addition, as of June 7, 2019, the Company had warrants outstanding to purchase up to an aggregate of 12,614,162 Common Shares and \$21,150,000 aggregate principal of Convertible Debentures convertible into a maximum of 19,583,333 Common Shares. See “*General Development of Business – National Access Cannabis Corp. (the Company)*”.

The dilutive securities are summarized as follows:

Security Type	# of Common Shares Issuable	Exercise Price (Average) \$	Cash Proceeds or Debt Reduction if Exercised
Warrants ⁽¹⁾	12,614,162	\$0.89	\$11,285,849
Options ⁽¹⁾	6,761,892	\$0.66	\$4,443,252
Convertible Debentures ⁽¹⁾	19,583,333	\$1.08	\$21,150,000

Note:

(1) See “*Prior Sales*”

MARKET FOR SECURITIES

Trading Price and Volume

The 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 (which are not necessarily the closing prices) and monthly trading volumes of the Common Shares for the period between September 1, 2017 and June 7, 2019 as quoted on the TSXV:

National Access Cannabis Corp. – Annual Information Form

Period	High Trading Price (\$)	Low Trading Price (\$)	Volume (#)
June 1, 2019 – June 7, 2019	0.75	0.61	4,099,372
May 2019	0.83	0.60	5,549,400
April 2019	1.04	0.77	25,007,800
March 2019	0.87	0.66	14,620,800
February 2019	0.75	0.61	8,039,200
January 2019	0.76	0.54	7,514,500
December 2018	0.90	0.44	5,361,400
November 2018	0.82	0.56	4,491,900
October 2018	1.01	0.70	10,293,000
September 2018	1.12	0.85	11,164,100
August 2018	1.20	0.92	12,867,150
July 2018	1.32	0.93	21,014,210
June 2018	1.00	0.67	9,874,540
May 2018	0.90	0.67	7,796,820
April 2018	1.07	0.80	8,481,770
March 2018	1.18	0.82	13,765,960
February 2018	1.20	0.63	29,558,850
January 2018	1.19	0.49	30,412,850
December 2017	0.70	0.35	18,845,320
November 2017	0.73	0.11	52,004,600
October 2017	0.18	0.14	2,183,410
September 2017	0.31	0.12	4,967,990

The Convertible Debentures are listed and traded on the TSXV under the trading symbol “META.DB”. The following table sets forth the reported intraday high and low prices and trading volumes of the Convertible Debentures for the period between their initial listing on January 14, 2019 and June 7, 2019 as quoted on the TSXV:

Period	High Trading Price	Low Trading Price	Volume (#)
June 1, 2019 – June 7, 2019	N/A	N/A	N/A
May 2019	N/A	N/A	N/A
April 2019	N/A	N/A	N/A
March 2019	N/A	N/A	N/A
February 2019	N/A	N/A	N/A
January 14, 2019 – January 31, 2019	N/A	N/A	N/A

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, 2017 and June 7, 2019:

Date of issuance	Security	Issuance/Exercise price per security	Number of securities
January 30, 2018	Units	\$0.55	10,909,091 ⁽¹⁾
January 30, 2018	Finder Warrants	\$0.90	353,356 ⁽²⁾
April 11, 2018	Warrants	\$0.91	5,000,000 ⁽³⁾
December 14, 2018	Warrants	\$1.08	900,000 ⁽⁴⁾
February 26, 2019	Warrants	\$0.70	960,000 ⁽⁵⁾
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
November 30, 2018	Options	\$0.61	75,000
December 2, 2018	Options	\$0.60	120,000
January 21, 2019	Options	\$0.61	120,000
February 26, 2019	Options	\$0.70	1,645,000
February 26, 2019	Options	\$0.91	350,000
April 15, 2019	Options	\$0.92	500,000

Notes:

- (1) 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.
- (2) 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.
- (3) Issued in connection with the strategic alliance with Second Cup.
- (4) Issued to the OCN in connection with the December OCN Loan. Each warrant entitles the holder to acquire, upon exercise thereof, one Common Share at a price of \$1.08 until December 14, 2021.
- (5) Issued to the Paskwayak NAC Investment Limited Partnership, 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 assigned and amended.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

As of June 7, 2019, 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	33,970,182 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	18.03%

Notes:

- (1) 11,794,253 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) 1,165,839 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) 19,956,090 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) 220,000 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.
Board Committees	
Audit Committee ⁽¹⁾	
Common Shares, Options, and Warrants (as of June 7, 2019)	
Common Shares	Options
10,676,860	250,000
Warrants	
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 22 Capital Corp., Planet 13 Holdings Incorporation and has been a member of the Advisory Board at Elkhorn Gold Mining Corp. (also known as Tidal Royalty Corp.) since June 25, 2018.
Board Committees	
Audit Committee ⁽¹⁾	
Common Shares, Options, and Warrants (as of June 7, 2019)	
Common Shares	Options
Nil	125,000
Warrants	
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.	
Board Committees		
Audit Committee ⁽¹⁾		
Common Shares, Options, and Warrants (as of June 7, 2019)		
Common Shares	Options	Warrants
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 chairman of the board of directors of Liver Care Canada, a company that facilitates treatments of all liver diseases.	
Board Committees		
N/A		
Common Shares, Options, and Warrants (as of June 7, 2019)		
Common Shares	Options	Warrants
1,856,000	125,000	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 (“Qualicare”) 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.	
Board Committees		
N/A		
Common Shares, Options, and Warrants (as of June 7, 2019)		
Common Shares	Options	Warrants
1,500,000	1,450,000	Nil
Michael Cosic Ontario, Canada Chief Financial Officer	Mr. Cosic has been the Chief Financial Officer of NAC since March 4, 2019. Mr. Cosic was the former Chief Financial Officer of DLT Labs Inc and Lithium Americas Corp. He was also Vice President of Finance at BridgePoint Financial Services Inc. Mr. Cosic has been the Chair of the Audit Committee of Eastern Platinum Limited since July 2016.	
Board Committees		
N/A		
Common Shares, Options, and Warrants (as of June 7, 2019)		
Common Shares	Options	Warrants
Nil	500,000	Nil
Christopher Kane Ontario, Canada	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	

Chief Operating Officer	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.	
Board Committees		
N/A		
Common Shares, Options, and Warrants (as of June 7, 2019)		
Common Shares	Options	Warrants
25,000	850,000	12,500
Matthew Ryan Ontario, Canada Vice President, Marketing	Mr. Ryan was the former lead at Nintendo of Canada Ltd. for retail marketing as well as communications, and led all 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 and partnerships for various product and entertainment clients at his agency Trip to the Moon Marketing Inc.	
Board Committees		
N/A		
Common Shares, Options, and Warrants (as of June 7, 2019)		
Common Shares	Options	Warrants
15,000	180,000	Nil
Joy Avzar Ontario, Canada Vice President, Legal	Ms. Avzar was appointed VP Legal of the Company 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.	
Board Committees		
N/A		
Common Shares, Options, and Warrants (as of June 7, 2019)		
Common Shares	Options	Warrants
Nil	160,000	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 of June 7, 2019)		
Common Shares	Options	Warrants
216,900	236,892	Nil
Lori Bailey, Ontario, Canada Senior Vice- President of Retail	Ms. Bailey has been the Senior Vice-President of Retail of NAC since March 4, 2019. Prior thereto, Ms. Bailey was Head of Retail at Canopy Growth Corporation. Previously, Ms. Bailey acted as Senior Vice President of Retail Operations and Chief Customer Experience Officer for Sears Canada, as a consultant for Nine West Holdings and as VP Retail Operations for Jones New York.	
Board Committees		
N/A		
Common Shares, Options, and Warrants (as of June 7, 2019)		

Common Shares	Options	Warrants
Nil	75,000	Nil

Notes:

- (1) The Company has no standing board committees other than the Audit Committee.

As at June 7, 2019, the current directors and officers of NAC, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 14,289,760 million Common Shares, representing approximately 7.59% 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 Company, has been furnished by the respective directors and officers of the Company 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 period between September 1, 2017 and June 7, 2019 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. On November 5, 2018, NAC and NACM filed and served a statement of defence in answer to all allegations in the statement of claim.

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 period between September 1, 2017 and June 7, 2019; (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 period between September 1, 2017 and June 7, 2019.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owns, or controls or directs, directly or indirectly, 10% or more of the issued and outstanding Common Shares as of the date of this AIF.

In connection with the closing of the first tranche of the LP Financing on October 26, 2018, the LPs either directly or indirectly, purchased 21,978,020 Common Shares at a price of \$0.91 per Common Share for total proceeds of \$20.0 million. Three of the LPs, VIVO Cannabis Inc., Aphria Inc. and CannTrust Inc., either directly or indirectly, have entered into LP Contracts with the Company (see “*Description of the Business – Medical Clinics – Potential Conflicts of Interest*”).

To the knowledge of the directors and officers of the Company, each of the LPs did not hold any Common Shares prior to closing of the first tranche of the LP Financing, and the following table sets out the number of Common Shares that each of the LPs beneficially owned, or controlled or directed, directly or indirectly, as of the date of closing of the first tranche of the LP Financing:

Name	Number of Common Shares	Percentage of Equity (Non-Diluted) ⁽¹⁾	Percentage of Equity (Fully-Diluted) ⁽²⁾	Type of Ownership
Aphria Inc.	5,494,505	3.03%	2.74%	Direct
VIVO Cannabis Inc.	5,494,505	3.03%	2.74%	Indirect
CannTrust Inc.	5,494,505	3.03%	2.74%	Indirect
Zenabis Ltd.	5,494,505	3.03%	2.74%	Indirect

Notes:

- (1) Based on 181,286,953 Common Shares outstanding on a non-diluted basis as at October 26, 2018, the date of closing of the first tranche of the LP Financing.
- (2) Based on 200,168,007 Common Shares outstanding on a fully-diluted basis as at October 26, 2018, the date of closing of the first tranche of the LP Financing.

Pursuant to the agreements entered into between the LPs and the Company with respect to the LP Financing, each of the LPs may also be required to purchase and subscribe for additional Common Shares upon the completion of certain milestones by the Company. There can be no guarantee that the Company will complete the milestones or complete additional tranches of the LP Financing. For further details on the LP Financing, see “*General Development of the Business – National Access Cannabis Corp. (the Company)*”.

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.

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 period from September 1, 2017 to the date of this AIF or before the September 1, 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 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)*”;

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- 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)*”;
- the Agency Agreement. See “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;
- the Special Warrant Indenture. See “*General Development of the Business – National Access Cannabis Corp. (the Company)*”;
- the CD Indenture. See “*General Development of the Business – National Access Cannabis Corp. (the Company)*”; and
- the loan agreement between the OCN and the Company dated December 14, 2018, pursuant to which the OCN provided the Company with the December OCN Loan, as amended by the amending agreement dated May 24, 2019. 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.

TRANSFER AGENT AND REGISTRARS

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

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company’s profile on SEDAR at 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.

Additional financial information is provided in the Company’s financial statements and management’s discussion and analysis for the year ended August 31, 2018, which may be viewed under the Company’s profile on SEDAR at www.sedar.com.